FOREIGN BROADCAST INFORMATION SERVICE

Daily Report

Central Eurasia

ATTENTION!! ATTENTION!! ATTENTION!!

FBIS will phase out publication of most of its paper reports, including ALL Daily Reports and most FBIS Reports, by 31 December 1996.

See inside for information on how to access FBIS products and services electronically.

FBIS-SOV-96-108
Tuesday
4 June 1996

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Dear Customer:

Responding to our many customers' requests, NTIS is offering FBIS publications electronically. Due to resource limitations, hardcopy production of FBIS publications will be phased out during 1996. Hardcopy reports will be discontinued according to the following schedule:

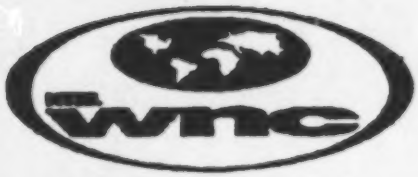
1 April	*Arms Control and Proliferation Issues*
1 May	*Environment and World Health*
1 June	*Narcotics*
1 July	*Terrorism*

Hardcopy publication of the regional DAILY REPORTS will cease as follows:

1 August	*China, Latin America*
19 August	*Near East and South Asia, West Europe, Sub-Saharan Africa, West Europe Economic Review*
2 September	*East Asia, East Europe, East Europe Economic Review*
16 September	*Central Eurasia, Central Eurasia Military Affairs, Central Eurasia Economic Review*

FBIS' goal is to cease publication of all hardcopy reports by 31 December 1996 except for S&T PERSPECTIVES, S&T CENTRAL EURASIA, S&T CHINA, S&T KOREA, S&T EUROPE, and S&T JAPAN. The S&T reports will continue to be published as hardcopy until the graphics they contain can be disseminated on-line.

FBIS products are offered electronically through the National Technical Information Service's (NTIS) "World News Connection" (WNC). This is a new on-line subscription service accessible through the World Wide Web. The Web address is http://wnc.fedworld.gov. Please see the next page for a subscription form or call NTIS Fax Direct at 703-487-4140 and enter product code 8645 to receive more information.



World News Connection™

A Foreign News Alert Service from the U.S. Government

World News Connection - WNC1.....$ 21
7 Day - Introductory Offer
Unlimited interactive searching
[no profiles]
Order number SUB-9856BDQ

World News Connection - WNC2.....$ 50
Monthly
Unlimited interactive searching
[no profiles]
Order number PB95-985700BDQ

World News Connection - WNC3.....$ 75
Monthly
Unlimited interactive searching
[1 profile]
Order number PB95-985800BDQ

World News Connection - WNC4.....$100
Monthly
Unlimited interactive searching
[up to 5 profiles]
Order number PB95-985900BDQ
(Prices are subject to change)

User Name *(Please Print or Type)*	Internet E-mail Address *(Required)*	Order Number	Price
1)			
2)			

(Continue on a blank sheet if more space is required)

Deposit Account Number (for NTIS account customers only): _____

Customer Master Number (if known): _____ Date: _____

Contact Name: _____ Organization: _____

Street Address: _____ City: _____ State: _____ Zip: _____

Province/Territory: _____ Country: _____

Foreign Postal Code: _____

Internet E-mail Address (Organization contact person): _____

Telephone Number: ( ) _____ Fax Number: ( ) _____

Credit Card Number: _____

Credit Card Expiration Date: _____

Card Type (Visa, Master Card, or American Express): _____

Cardholder's Name (as printed on the credit card): _____

Cardholder's Signature (required to validate all orders): _____

(Please fax this form back to NTIS at **703-321-8547**. Fax service is available 24 hours a day, 7 days a week. To verify receipt of your fax, call (703) 487-4679 between 7:00am - 5:00pm, Monday - Friday, Eastern Time.)

Daily Report
Central Eurasia

FBIS-SOV-96-108 4 June 1996

CONTENTS

NOTICE: An * indicates material not previously disseminated in electronic form.

PRESIDENTIAL ELECTION ISSUES

Russia: FBIS Presidential Election Report 3 Jun *[FBIS Report]* 1
Russia: Details of Yeltsin's 'Action Program' Given *[ROSSIYSKIYE VESTI 1 Jun]* 2
Russia: Yeltsin's Refusal of TV Debate Assailed *[SOVETSKAYA ROSSIYA 1 Jun]* 3
Russia: Zhirinovskiy Hopes Yeltsin Will Form Coalition Government *[INTERFAX]* 3
Russia: Zyuganov on Election Campaign in Siberia *[INTERFAX]* 4
Russia: Zyuganov Promises To Alter 'Present Course' *[Moscow ORT]* 4
Russia: Zyuganov Supporters Accuse Yeltsin of Breaking Campaign Law *[INTERFAX]* 5
Russia: Zyuganov Offers 'Third Force' Posts in Coalition Government *[INTERFAX]* 5
Russia: Zyuganov, Zhirinovskiy Comment on Talks *[Moscow NTV]* 5
Russia: Yavlinskiy Interviewed on Background, Beliefs, Issues *[SOBESEDNIK Apr]* 6
Russia: Analysis Center Poll Shows Yeltsin in Lead *[Radio Rossii]* 12
Russia: Yeltsin Trails Zyuganov in Bashkortostan *[IZVESTIYA 30 May]* 12
Russia: Chernomyrdin Interviewed on Economy, Presidential Elections *[KOMSOMOLSKAYA PRAVDA 4 Jun]* 12
Russia: Seleznev Rules Out CPRF-LDPR Accords Before 16 Jun *[ITAR-TASS]* 15

INTERREGIONAL AFFAIRS

CIS: ITAR-TASS Carries Press Review for 4 Jun *[ITAR-TASS]* 16
CIS: Yeltsin Speaks at Caucasus Summit Meeting *[Moscow RTV]* 17
CIS: Summit Hailed as 'New Impetus' for Peace in Caucasus *[ITAR-TASS]* 17
CIS: Aliyev: Kislovodsk Meeting Will Set Peace in Caucasus *[INTERFAX]* 17
Baltics: Benelux MPs Support Baltics' Accession to EU *[BNS]* 18

RUSSIA INTERNATIONAL AFFAIRS

Russia: Grachev: NATO Expansion, PFP Activities Incompatible *[INTERFAX]* 19
Russia: Primakov Hails NATO's Efforts 'To Adapt to Realities' *[ITAR-TASS]* 19
Russia: NATO Will Be Asked To Keep Central Europe Nuclear-Free *[IZVESTIYA 1 Jun]* 19
Russia: Moscow Not To Seek G-7 Transformation Into G-8 in Lyon *[INTERFAX]* 20
Russia: CFE Members Extend Russia's Term for Arms Destruction *[ITAR-TASS]* 20
Russia: Delegation Aide Explains 'Tough Line' on CFE *[TRUD 30 May]* 21
Russia: Kislovodsk: Yeltsin Speech, Reactions Cited *[ROSSIYSKIYE VESTI 4 Jun]* 22
Russia: Kislovodsk Talks Reviewed; Yeltsin Tone Finds Favor *[KOMSOMOLSKAYA PRAVDA 4 Jun]* 23
Russia: Yeltsin Welcomes Geneva Forum on CIS Refugees *[ROSSIYSKIYE VESTI 31 May]* 24
Russia: Primakov Arrives Berlin 3 Jun *[ITAR-TASS]* 24
Russia: Interparliamentary Committee of 'Union of Four' Eyed *[TRUD 1 Jun]* 25
Russia: Aide Denies 'Clouds' Mar Russo-Israeli Relations *[ROSSIYSKAYA GAZETA 1 Jun]* 25
Russia: Report on Joint Ventures With Foreign Firms in DPRK *[Moscow International]* 26
Russia: Zhirinovskiy Sends Wife to North Korea, Promises Aid *[ITAR-TASS]* 26

RUSSIA NATIONAL AFFAIRS

Political Issues

Russia: Yeltsin Returns to Moscow From Caucasus Summit *[ITAR-TASS]* 27

Russia: Yeltsin Congratulates New Governor of St. Petersburg *[ITAR-TASS]* 27
Russia: Yeltsin Decree Approves Regional Policy Guidelines *[ITAR-TASS]* 27
Russia: Reports on Fedorov's Arrest, Premier, Election, Chechnya *[ZAVTRA May]* 27
Russia: Government To Ensure Stable Financing of Conversion *[ITAR-TASS]* 28

Military & Nuclear Issues

Russia: Defense Minister Grachev's Position Examined *[Moscow NTV]* 29
Russia: 'Gullible' Gromov Seen Misused by Yeltsin, Grachev *[SOVETSKAYA ROSSIYA 1 Jun]* 30
Russia: Kokoshin on New Armaments Program, Funding Requirements *[KRASNAYA ZVEZDA 31 May]* 30
Russia: Kokoshin Defends Ministry's Arms Order Effort *[KRASNAYA ZVEZDA 1 Jun]* 31
Russia: Defense Ministry Allocates Tax Relief To Pay Debts *[ITAR-TASS]* 32
Russia: Major Battleships Scheduled To Enter Service by Year End *[Moscow ORT]* 32
Russia: Procedure for Nuclear Export-Import Controls Approved *[ROSSIYSKAYA GAZETA 23 May]* 33

Federal Assembly

Russia: Duma Schedules Hearings on Military Reforms *[INTERFAX]* 33
Russia: Federation Council Replies to Admirals' Plea for Navy *[NEZAVISIMAYA GAZETA 30 May]* 34
Russia: State Duma To Discuss Revival of Cossack Organizations *[ITAR-TASS]* 34

Regional Affairs

Russia: Moscow Reports Cease-Fire Violations in Chechnya to OSCE *[ITAR-TASS]* 34
Russia: Moscow Begins Talks With Chechen Separatists in Nazran *[ITAR-TASS]* 35
Russia: Tikhomirov: Russian-Chechen Talks Must Be Held in Chechnya *[Radio Rossii]* 35
Russia: Federal Troop Withdrawal From Chechnya Suspended *[ITAR-TASS]* 35
Russia: Air Force Denies Raids on Chechen Villages 3 Jun *[INTERFAX]* 36
Russia: Defense Ministry Has 'No Information' on Chechnya Air Raid *[INTERFAX]* 36
Russia: Chechen Gunmen on Assassination Mission Detained in Groznyy *[INTERFAX]* 36
Russia: Sobchak To Create 'Democratic Opposition' in St. Petersburg *[INTERFAX]* 36

Economic Issues

Russia: Nonpayments Grow as Defaulters Wait for Election Results *[SEGODNYA 1 Jun]* 37
Russia: Central Bank Announces Convertibility of Ruble *[ITAR-TASS]* 37
Russia: Banks Continue To Fall By the Wayside *[IZVESTIYA 29 May]* 38
Russia: Agrarians Claim Russian Poultry Farming Near Collapse *[SEGODNYA 4 Jun]* 38

UKRAINE

International Affairs

Ukraine: Shmarov: Russia, U.S. Fully Stand by Trilateral Declaration *[INTERFAX]* 40
Ukraine: Shmarov, Perry Visit Former Missile Base, Sign Agreement *[UNIAN]* 40
Ukraine: Commentator Views NATO Expansion Issues *[HOLOS UKRAYINY 30 May]* 40
Ukraine: Peace Shield-96 Exercises Open in Lvov Region *[UNIAN]* 41
Ukraine: Greenpeace Holds Conference in Kiev on Nuclear Issues *[UKRINFORM]* 41
Ukraine: Foreign Minister Leaves for Berlin; Stops Over in Poland *[Kiev International]* 42

Ukraine: Controvery With Germany Over Return of Deportees Viewed *[KIYEVSKIYE VEDOMOSTI 30 May]* 42

Economic Issues

Ukraine: National Bank Policy Document Viewed *[ZERKALO NEDELI 25 May]* 43

WESTERN REGION

Belarus

Belarus: Minsk Reaffirms Nuclear Arms Withdrawal Schedule *[INTERFAX]* 46
Belarus: Doubts Over U.S. Company's Ability To Destroy Rocket Silos *[BELAPAN]* 46
Belarus: Officials Cite Progress, Problems of CFE Commitments *[BELAPAN]* 46
Belarus: Delegation Arrives To Coordinate Belarus-Russian Reforms *[BELAPAN]* 47

Moldova

Moldova: Magazine Comments on Sangheli's Meeting With Dniester Leader *[BASAPRESS]* . 47
Moldova: Dniester Political Scientist Views Upcoming Elections *[BASAPRESS]* 48

CENTRAL ASIA

Kazakhstan

Kazakhstan: Nazarbayev Comments on Southeast Asia Tour *[INTERFAX]* 49
Kazakhstan: West Wins Control of Kazakh Oil, Gold Reserves *[London FINANCIAL TIMES 3 Jun]* 49
Kazakhstan: Nazarbayev Urges Parliament To Reconsider Pensions Bill *[Almaty TV]* 50
Kazakhstan: Article Views Formation of State Identity *[KARAVAN-BLITS 30 May]* 51

CAUCASUS

Georgia

Georgia: Shevardnadze Interviewed on Relations With France *[BGI]* 53
Georgia: Abkhaz Government Supports Parliament Decree on Conflict *[SAKHALKHO GAZETI 23 May]* 54

BALTIC STATES

Estonia

Estonia: Sweden Interested in Estonia's EU, WTO Accession *[BNS]* 56
Estonia: Swedish Trade Minister Notes Favorable Business Climate *[BNS]* 56
Estonia: Foreign Minister Departs for NATO Meeting in Berlin *[BNS]* 56
Estonia: Meri Regrets Disclosure of Confidential Letter to Clinton *[BNS]* 56
Estonia: Official Concerned by Increase of Russian Arms Near Border *[Tallinn Radio]* 57

Russia: FBIS Presidential Election Report 3 Jun
WA0306235696

[FBIS Report] ***This is the seventh in a series of FBIS reports on Russian regional developments in the campaign for the 16 June presidential election. It is based solely on Russian media reporting from Moscow and provincial sources (see note 1).***

(Note 1) FBIS postal receipt of some Russian local media sources accounts for the dated nature of certain items cited. This FBIS media note presents the local media in the timeliest manner possible, given procurement constraints.

Regional Papers Suggest NE DAY BOG Circulation May "Backfire" on Yeltsin Regional media continue to censure the anti-communist newspaper supplement NE DAY BOG, which is published by Yeltsin's support group in Moscow, and to criticize Yeltsin's support groups for forcing anti-communist propaganda on the voting population. SOVETSKAYA SIBIR (29 May) contended ironically that NE DAY BOG has in fact succeeded in breaking voter apathy toward politics. Now, voters "argue until they get hoarse," but many agree that NE DAY BOG has "backfired" on the Yeltsin campaign. NIZHEGORODSKAYA PRAVDA (25 April) reported that its editorial office had been "battered" with a "squall of telephone calls" in protest after NE DAY BOG was surreptitiously distributed with NIZHEGORODSKAYA PRAVDA. The paper reportedly requested that the local prosecutor launch an investigation of the incident.

INTERFAX (27 May) reported that North Ossetian post offices stopped delivering NE DAY BOG. The move was a response to recommendations from the local electoral commission, which concluded that the post office's distribution of the supplement violated electoral laws that prohibit government-run organizations from conducting election campaigning.

Novosibirsk Paper Criticizes Yeltsin Support Group SOVETSKAYA SIBIR (24 May) took umbrage with the Novosibirsk contingent of Yeltsin's support group for suggesting that voters who fail to back Yeltsin are irresponsible. Yeltsin's support group in Novosibirsk held an oblast conference, during which it urged Novosibirsk voters to back Yeltsin, asserting that voters who "are patriots of our Motherland, believe in her great future, and are capable of a responsible vote" will "join us." The newspaper, in turn, observed that "the way the question is put appears strange," in that it implies that "those who are not for Yeltsin will cast an irresponsible vote."

Gonzharov Evinces Gloomy Outlook, Stumps for Yeltsin in Novosibirsk Oleg Gonzharov, State Duma deputy and leader of "Siberian Lands," a regional branch of the "Russia Is Our Home" (NDR) bloc, urged voters to back Yeltsin in a 24 May VECHERNIY NOVOSIBIRSK article but appeared less than optimistic about Yeltsin's chances for success. Gonzharov characterized as a "tragedy" the democrats' inability to settle their differences, adding that there is a "risk" that Zyuganov and Zhirinovskiy—not Yeltsin— will face off in the second-round. If Yeltsin makes it to the second-round, Gonzharov assessed the chances that democrats will consolidate behind him as "50-50," surmising that even those who don't like Yeltsin may in the end vote for him. He warned that if the communists win in June, "the country will enter into a period of radical breakup and will roll back." The Russian people must decide to make the "correct vote," he asserted—"the sooner, the better."

Novosibirsk Disco Rocks to Anti-Communist Rhythm SOVETSKAYA SIBIR (29 May) reported that former Federation Council Chairman Vladimir Shumeyko had sponsored a gathering dubbed "Rock Against the Communists" at a Novosibirsk discotheque that included dancing and "intermittent agitation." Sponsored by Shumeyko's "Reforms—New Course" movement, the disco was festooned with placards featuring "quotations from Shumeyko's speeches" and Yeltsin campaign materials. According to the paper, the disc jockey attempted to rally the mostly youthful audience, shouting, "Are you for freedom?" to which the audience responded, "Yes!," and "Are you against communism?," to which "several" responded both "Yes" and "No." The event coordinators also offered patrons two packs of chewing gum and beer in exchange for their Komsomol badges and membership cards. Oleg Ryzhkov, member of "Reforms—New Course" and one of the organizers, denied that the group's goal was to promote Yeltsin but claimed it was merely to "warn the youth about the threat of the ascension of the communists."

Gorbachev Received Warmly in Rostov The Kabardino-Balkaria newspaper SEVERNYY KAVKAZ (No. 20, May) reported that Mikhail Gorbachev received a warm welcome during a recent visit to Rostov, but the voters' interest seemed limited more to Gorbachev's past than to his future. The article, entitled "Gorbachev in the Role of King Lear," reported that Gorbachev's meeting with voters was "not about the future, but about the past," in that the majority of questions from the audience concerned the "bygone days" of the Soviet era. While Gorbachev discussed his Soviet experience "with enthusiasm," he spoke "little" of his electoral plan, the newspaper observed. The article said it was "unfortunate" that "almost nothing" was said

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of Gorbachev's platform and suggested that Gorbachev may be reassessing his own candidacy.

Polls

Yeltsin Edges Out Zyuganov Among Kaliningrad Voters An opinion poll conducted by the Kaliningrad Sociological Center in mid-May indicates that Yeltsin is slightly ahead of Zyuganov among 1,130 respondents in that region. The results were published in the Russian Baltic Fleet newspaper STRAZH BALTIKIY on 28 May. Respondents were asked to indicate their choice for president as of mid-May, although Interfax, which also reported the poll, added that one-third of the respondents said that their choice was not irreversible (data in percent):

- Yeltsin...28
- Zyuganov...26
- Undecided...18
- Yavlinskiy...12
- Zhirinovskiy...8
- Lebed...7
- Against All...4
- Fedorov...3

Russia: Details of Yeltsin's 'Action Program' Given

MM0306130096 Moscow ROSSIYSKIYE VESTI in Russian 1 Jun 96 p 3

[Unattributed "Official" report: "Boris Yeltsin: My Program Is Not a Matter of Promises; It Is My Position"]

[FBIS Translated Text] Russian President Boris Yeltsin has completed his trip to Perm. As during the previous May visits to the regions he performed two tasks: electioneering, and work specific to the head of state. In Perm Boris Nikolayevich submitted his Action Program for the Period 1996-2000 (published today in ROSSIYSKIYE VESTI) and signed a tripartite agreement with Perm Oblast and Komi-Permyak Autonomous Okrug leaders on the demarcation of powers and areas of jurisdiction.

Addressing the city's public at Perm's Cultural and Business Center yesterday, Boris Yeltsin outlined the main features of his election program. The president said that he completed work on it on Monday 27 May and signed it the same day. "My program is not a matter of election promises. It is a report on what has been achieved and a specific plan for upcoming work. My hard experience gives me the right and the confidence to say that this program will be implemented!"

"You will not find vain promises or fine slogans in my program," the head of state said. "It details everything that has been accomplished over the past five years and also puts forward a plan of action for the next four years: what we will do, how we will live, and what modifications are needed in order to arrive for sure at our journey's ultimate objective ofa calm, prosperous, and happy life for all Russia and all Russian citizens." The program "is a document which is already being implemented in reality: It contains a specific answer to every specific question."

According to Boris Yeltsin, the fact that each point of the program has a specific appendix, targeted federal programs, draft laws, Russian presidential edicts, and government decrees is extremely important in his election program. "You must see the colon after each item of the program, which is followed by the work that needs to be done." Over the past five years "the main thing has been achieved: We have succeeded in avoiding economic and social catastrophe."

Boris Yeltsin noted that during his tours of the country he has seen that everywhere "the shoots of normal life and normal work are starting to appear. A firm foundation has been laid for a rapid economic upturn." He cited a number of concrete examples of those sectors where the slump has been overcome and a gradual upturn has begun. He was referring to housing construction, ferrous and nonferrous metallurgy, and defense enterprise conversion.

"Over the past few years we have begun to forget what empty shelves are. The market is saturated. Now we have to fill people's purses," the president said. According to him, by 2000 inflation will have fallen to 5 percent a year, which will make it possible to halt the rise in prices, ensure prosperity for Russian families, boost the economy, and accumulate considerable currency reserves. Boris Yeltsin is confident that the ruble will become a hard currency and the economy will enter a phase of recovery with annual growth rates in excess of 4 percent.

Then the president said that social policy must become one of the cornerstones of state policy. The "number one" issue is to implement a policy of boosting citizens' real incomes, he said. The minimum pension is gradually becoming equivalent to the minimum subsistence level. At the same time, the head of state pointed out, a new, fair system of calculating and paying pensions is being prepared. A work plan and specific instructions exist at local level to ensure that the Law "On Veterans" is fully implemented, he added.

Speaking about holdups with the payment of wages and pensions, Boris Yeltsin stressed: "I will not rest until the situation has finally been normalized. It is a matter of principle."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The president's idea of switching to an hourly minimum wage soon, which is included in the election program, could be considered sensational.

Boris Yeltsin also touched on nonmaterial issues. Man does not live by bread alone, he stressed. A normal life means living in conditions of freedom, dynamic onward development, competition between ideas and opinions, the development of culture and art, and constant questing. Faith has returned to Russia: faith in God, and faith in our own efforts. "No one is now afraid of openly criticizing any boss, even the president himself. In fact the president suffers more than anyone," he joked.

Russia: Yeltsin's Refusal of TV Debate Assailed

MM0306162596

[FBIS Report] Moscow SOVETSKAYA ROSSIYA in Russian on 1 June 1996 carries on page 8 a full-page unattributed feature entitled "Placard-Leaflet Prompted by the Reader. Boris Yeltsin: I Do Not Need Debates With Zyuganov." The feature is accompanied by a photograph of Yeltsin holding a glass in his right hand and gesturing with his left hand. The text box that opens the feature declares that "B.N. Yeltsin's categorical refusal to take part in the live television debates proposed by G.A. Zyuganov without aides and consultants before the whole country demonstrates that the incumbent president and at the same time candidate for this post is panicking with fear at meeting with G. Zyuganov" and summarizes the reasons for his refusal, which are expanded and discussed in the main body of the text. The box highlights the phrases: "Yeltsin is panicking with fear at meeting with Zyuganov" and "Yeltsin is afraid of an open discussion with Zyuganov!" The text under the main headline "Boris Yeltsin: I Do Not Need Debates with Zyuganov" is divided into two sections. The first is headed "Yeltsin's Justifications Expose Him." The reasons for refusing a television debate attributed to Yeltsin are as follows: "...I do not need debates with Zyuganov"; "With my democratic outlook I cannot tolerate this demagoguery any longer"; "...There are many candidates but Russia has only one president"; "If I debate with everyone I simply will not have enough time to perform my direct presidential duties"; and "I was a Communist for 30 years and heard so much of this demagoguery...." SOVETSKAYA ROSSIYA responds to each of Yeltsin's reasons in turn.

The second section is headed "What Demagoguery, Boris Nikolayevich?" It has three subsections with the subheads "Probably This," "Or This," "And Perhaps This," each of which quotes from Yeltsin speeches: as a member of the CPSU Central Committee and first secretary of Sverdlovsk CPSU Oblast Committee at the 26th CPSU Congress, then at the 27th CPSU Congress, and last at the 29th All-Union CPSU Congress. SOVETSKAYA ROSSIYA offers no commentary on these quotations.

Russia: Zhirinovskiy Hopes Yeltsin Will Form Coalition Government

LD0406092996 Moscow INTERFAX in English 0856 GMT 4 Jun 96

[FBIS Transcribed Text] MOSCOW, June 4 (Interfax) — Liberal Democratic Party leader Vladimir Zhirinovskiy told Interfax Tuesday that Prime Minister Viktor Chernomyrdin promised he would organize a meeting with President Boris Yeltsin before the first round of presidential elections.

Zhirinovskiy said he insisted on a personal meeting with Yeltsin "to convince him of the lack of any chances of winning the elections and even entering the second round."

Some 80 million Russians will attend the vote, but only 10 million-12 million of them will support Yeltsin and 30 million-35 million Communist Party leader Gennadiy Zyuganov, he said. Only the creation of a coalition government may help Yeltsin secure re-election, he said.

"If my reasons convince the president, the four of us — Yeltsin, Chernomyrdin, Zyuganov and me — will need to meet before the first round of elections," Zhirinovskiy said.

Zhirinovskiy said he would be unhappy with either Yeltsin or Zyuganov's victory, saying many voters shared his opinion.

"To extinguish the terror before communists and democrats, a coalition government should be formed," he said. Such a government could include virtually all of the present presidential contenders, he said.

Zhirinovskiy proposed Yeltsin and Chernomyrdin retain their current posts, Zyuganov be appointed as first deputy prime minister for social issues, Yabloko party leader Grigoriy Yavlinskiy as deputy prime minister for economics, Mikhail Gorbachev as minister of labor. The coalition government could also include renown eye surgeon Svyatoslav Fedorov, retired general Aleksandr Lebed and prominent businessman Vladimir Bryntsalov. Zhirinovskiy said he would be happy with the post of justice minister or minister of propaganda, which would require the creation of a corresponding ministry.

If Yeltsin rejects this proposal before the first round of elections, Zhirinovskiy will meet with Zyuganov once again on June 18, as they agreed at their meeting

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

yesterday. "We will decide what to do next on the basis of the results of the first round," he said.

Russia: Zyuganov on Election Campaign in Siberia

LD0306163296 Moscow INTERFAX in English 1614 GMT 3 Jun 96

[FBIS Transcribed Text] MOSCOW, June 3 (Interfax) — Gennadiy Zyuganov, leader of the Russian Communist Party and a presidential candidate, took his election campaign back to Siberia Monday afternoon. It will be his last large-scale tour before the June 16 presidential elections.

According to the Communist Party Duma faction press office, on June 4 Zyuganov plans to meet with voters in Novosibirsk and scientists from neighboring Akademicheskiy Gorodok (Academic Town). He is scheduled to visit Krasnoyarsk territory on June 5-6 and Omsk on June 7. Zyuganov is expected to return to Moscow Friday afternoon.

Russia: Zyuganov Promises To Alter 'Present Course'

LD0306194396 Moscow Russian Public Television First Channel Network in Russian 1750 GMT 3 Jun 96

[Election broadcast by Gennadiy Zyuganov, head of the Communist Party of the Russian Federation, from the "Election 96" program — recorded]

[FBIS Translated Excerpt] [passage omitted]

[Zyuganov, addressing a meeting of young people] What are we proposing in order to rectify the situation? First, altering the present course. Like a ship, any state should know its bearings, should know where it is going. The course should be a clear purpose of its existence. The first purpose is ensuring the citizens' well-being and putting an end to extinction in the country. Unless this task is tackled successfully, other tasks lose any real meaning. In order to achieve this, one has to understand clearly what the economy should be like, and support the goods producer. The country has to have a powerful state sector in the economy, which would make it possible to educate the young, to treat the old, to support the budget sphere, to ensure the citizens' safety, and normal functioning of all the main institutions.

In view of this, economic priorities have to be defined clearly. Nothing can be done without power engineering. So then it is power engineering, it is high technology, science, quality education accessible to practically everyone, and accessible health care. This does not mean there should be no other forms. They should exist, but they should complement rather than destroy what has really been created and implemented.

The ratio between the state, collective, and private forms of ownership should be such to allow them to compete and yet not suppress, but complement each other. This means that in our vast spaces the state has to regulate two highly important indices, namely fuel prices and transport charges and fares. Otherwise you cannot compete with anyone.

We are eager to make sure that the money held in Western banks returns to Russia and starts working for our science, for the construction of roads and the infrastructure, for the introduction of new technologies and for putting into practice great discoveries. Therefore, we are considering adopting a law to assist the return of capital and its investment in the Russian economy on certain quite acceptable terms. I believe they [not clear who exactly Zyuganov is referring to] will show an interest in this.

With regard to joint ventures and various forms of ownership, our manifesto says quite clearly: We will support all those who can work properly and efficiently, we will create legal and other guarantees for this.

[Zyuganov, addressing another meeting] Gorbachev's five years ended with humanitarian aid. Yeltsin's five years ended with the decimation of the economy, the war in Chechnya, and a universal extinction of Russia's population. Another two or three years of these policies, and we will lose not just a collective or a state farm, not just a factory or an enterprise, but our Fatherland, the country that has been created by our ancestors over 1,000 years, that has been protected and defended by them — and they will just damn us for letting this happen.

On the other hand, anyone who comes to power tomorrow will not have a nice present on his hands. To those who speak of winning the election, I say: there is no such thing as winning a victory in your own Fatherland. No one has ever won a victory over his own people. The one who comes [to power] and his team will have to deal with a most difficult aftermath; will have to show wisdom, courage, and restraint; and to pursue a policy in the interests of all the social strata.

You are suggesting I should bang my fist. I, on the other hand, suggest that today one should have strong nerves, courage, a clear head, political will and an understanding of what is going on — then we will put them in their place without fail.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Russia: Zyuganov Supporters Accuse Yeltsin of Breaking Campaign Law

LD0406105496 Moscow INTERFAX in English 1044 GMT 4 Jun 96

[FBIS Transcribed Text] MOSCOW, June 4 (Interfax) — Representatives of the left-wing nationalist bloc supporting Communist leader Gennadiy Zyuganov's presidential candidacy have accused incumbent Boris Yeltsin of breaking campaign law in an open letter to Central Electoral Commission Chairman Nikolay Ryabov.

Chairman of the Duma Security Committee Viktor Ilyukhin (Communist) told a Tuesday press conference that "the presidential candidates are not on an even footing. The voter watching television sees incumbent Boris Yeltsin 60 percent of the time, while a number of regional administration heads are running Yeltsin's campaign headquarters in their regions in blatant violation of campaign rules."

The results of the voting, Ilyukhin fears, will not reflect Russian opinion about this or that candidate. "The Communists are not afraid of the elections, because in honest and open elections, Gennadiy Zyuganov could win in the first round.

"We are worried that the people's will may be forged by someone's evil hand," he said.

"Although Boris Yeltsin's rating has indeed risen recently, the gap between him and Gennadiy Zyuganov still exists and Yeltsin will not be able to catch up in the time remaining before elections," Duma deputy Valentin Kuptsov (Communist) said at the press conference.

"Gennadiy Zyuganov met with candidates Vladimir Zhirinovskiy and Svyatoslav Fedorov yesterday," Kuptsov said. "The three candidates discussed the political situation, the electorate's mood, and agreed that the elections should be held, under any circumstances, on the appointed day — June 16."

Zyuganov, Zhirinovskiy, and Fedorov decided to continue their consultations through the first round and afterwards, Kuptsov said, but admitted that it is "still hard to say" if a Zyuganov-Zhirinovskiy coalition is possible.

If the Communists lose the elections, Kuptsov said, they will remain the opposition party. "The political fate of the Party and its leader Gennadiy Zyuganov will not end with the elections," he said.

Russia: Zyuganov Offers 'Third Force' Posts in Coalition Government

LD0406101996 Moscow INTERFAX in English 1002 GMT 4 Jun 96

[FBIS Transcribed Text] NOVOSIBIRSK, June 4 (Interfax) — As a presidential candidate, Communist Party leader Gennadiy Zyuganov has publicly offered posts in "the government of popular trust" to "those who represent the Third Force."

"You can view it as my official statement," he said at a news conference in Novosibirsk on Tuesday. When asked where he will find the votes needed to collect 50 percent, he said: "we are negotiating intensively."

Russia's "Third Force" refers to a much-talked about but as yet unrealized alliance among three or four of the Russian presidential candidates who claim to represent the interests of neither the ruling elites, nor the Communists. It includes Yabloko party leader Grigoriy Yavlinskiy, famous eye surgeon Vladislav Fedorov, and retired general Aleksandr Lebed.

If the current Russian authorities find the results of the first round of presidential elections unsuitable to them and try to cancel the second round, the bloc of nationalist forces "will manage to secure the fulfilment of the people's will," he warned.

If 40-50 million people vote for him at the elections, Zyuganov said, "Yeltsin will surrender power."

He cast doubt on the authenticity of the ratings of presidential candidates published recently. "These ratings are obviously meant to exert pressure on public opinion and spur the election campaign," Zyuganov said.

Russia: Zyuganov, Zhirinovskiy Comment on Talks

LD0306163896 Moscow NTV in Russian 1500 GMT 3 Jun 96

[From the "Segodnya" newscast]

[FBIS Translated Text] [Announcer Osokin] Zhirinovskiy, the leader of the LDPR [Liberal Democratic Party of Russia], was in great demand today. He met Prime Minister Chernomyrdin. The details of the meeting are not yet known. Also today a meeting took place between Zhirinovskiy and Zyuganov, leader of the Communist Party [of the Russian Federation]. We have the details from the people at the meeting themselves — both from Zyuganov and Zhirinovskiy.

[Begin Zhirinovskiy recording] The question of forming a coalition was not discussed, but naturally it was foreseen at the meeting that the question of forming a coalition might arise if events in the country took

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

a certain turn and the results of the first round were such and such. We are able to do this, to come to an agreement. Bre... [pauses] Yeltsin and Zyuganov and myself. And anyone else who wants to join is welcome. [end recording]

[Unidentified correspondent] Gennadiy Zyuganov avoided making any remark about an alliance with Vladimir Zhirinovskiy; however, he made it clear he would return to the subject after the first round of the presidential election.

[Begin recording] [Zyuganov] Today we talked about how the first round was going.

[Correspondent] You are going into the first round separately?

[Zyuganov] Each along with his bloc.

[Correspondent] And the second round?

[Zyuganov] We will think about it and see. [end recording]

[Osokin] Some representatives of the Liberal Democratic Party of Russia had other reports to make about this meeting. They made it clear that it is indeed early to talk about forming an electoral coalition, but they said that there was mutual understanding at the meeting between Zyuganov and Zhirinovskiy.

All this has lent weight to the new idea that Zyuganov is actively seeking allies, because he is losing the election campaign. True, the leader of the Communists says that it is nothing of the sort. Zyuganov feels confident and says that journalists want to distort the picture and hide the Communist Party's successes. As usual, politicians want reports about themselves to be firstly affectionate and secondly extensive.

Russia: Yavlinskiy Interviewed on Background, Beliefs, Issues

964F2277A Moscow SOBESEDNIK in Russian No 16-17, Apr 96 pp 10-11

[Interview with Grigoriy Yavlinskiy by Andrey Vandenko; place and date not given: "The Uncompromising Bridegroom"]

[FBIS Translated Text] I wanted to take some apples to the interview with me but I forgot to ask what kind Grigoriy Alekseyevich prefers. Or does he like them at all? And so I remain in ignorance...

[Vandenko] Grigoriy Alekseyevich, are you by any chance acquainted with Roman Viktyuk?

[Yavlinskiy] I have never had occasion to speak with him but, of course, I know him as a director. Roman Grigoryevich is a fellow countryman of mine, from Lvov.

[Vandenko] I asked because you came from the same city. Viktyuk once related to me an episode from his childhood. The windows of the school Roman Grigoryevich attended opened out onto a reception-distribution center. Viktyuk said that the sad gazes of the children from inside the fence remained with him for a long time and ended up as nightmares. For many years your father was in charge of the Lvov reception-distribution center, so was it not your father's wards who made such an indelible impression on the sensitive Viktyuk?

[Yavlinskiy] I do not know which years Roman Grigoryevich attended the Lvov school, but my dad started working in the reception-distribution center in 1962. Viktyuk was probably beyond school age by that time...

[Vandenko] But as I understand it, in 1962 you were in school. Did the eyes from the other side of the fence not make an impression on you?

[Yavlinskiy] Why from the other side of the fence? I had a lot of communication with these children, I grew up among them. My father wanted that. After all, he was a homeless child himself, a ward of Makarenko. My father loved children very much and devoted his entire life to them. He worked at the Lvov reception-distribution center until 1981, when he died. Before that, up until 1962 my father worked at a women's colony for minors. I frequently visited this colony, and my father especially told me to play with the girls there.

My father frequently brought the kids from the reception center to our home. On New Year's we usually packed in 20 or 30 boys and girls. And it worked out fine. We managed to fit them in, and nobody was offended. My father had extremely simple and candid relations with all the children. To be sure, this sometimes caused problems with the management. My father's job was to sort out the runaways who had been caught: Some were returned to their parents, others were sent to a specialized boarding school, and still others, who had managed to get into serious trouble, were sent to the colony. Dad would not allow any kind of escorts or supervisors and therefore he frequently sent them home alone. Some of them went their own way, they were caught again, and they put the screws to my father. I remember one 12-year-old boy who ran away from Novosibirsk three times. The young traveler had a specific goal: to cross the boarder, to get to Germany, to settle down there and grow up as a Soviet spy. Our border guards caught the chap twice and the third time it was necessary to contact the Poles, since the boy had managed to slip through the cordon. My father tried to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

reach an agreement with the future intelligence officer, he sent him back to his parents, who were scientists at the Siberian Akademgorodok, and he tried to persuade the boy not to do anything else stupid, but after a couple of months it all happened all over again.

My father received a severe reprimand and the next time the persistent Siberian ran away he was threatened with being fired for incompetence. Theoretically my father could have sent the boy either to a boarding school or to an insane asylum, but instead of this he signed a document in which dad gave his party word of honor that he would do everything he could to get the lad into an intelligence school after he had completed 10 years of education. My father again sent the boy to Novosibirsk by himself, but he left, taking with him the paper with the two signatures. He never showed up in Lvov again.

And that is not the only case like this. There were tragic episodes. One time a boy my father sent to the Kiev distribution center was refused admission there and was sent back since he promised my father that he would not become a vagrant. Unfortunately the boy did not return to Lvov, he was thrown off the train by some convicts or something. My father was accused of the boy's death.

But dad did not change his attitude toward the kids, he valued their confidence.

[Vandenko] And did all these people not treat you as the boss's son?

[Yavlinskiy] They accepted me as an equal. There was nothing special about me: Our interests were the same, I was dressed like all the rest of them—army trousers, padded jackets... One time I had a serious conversation with the most hard-boiled of the residents of the reception center. They admitted to me that they would have run away long ago were it not for my father. They would have jumped over the fence, they would have hit the first person they met on the head with a brick to knock him out, they would have taken his money and clothing, and then they would have been out of there.

I was proud of the fact that such "heroic" kids respect my father and because of him they do not run away. Theoretically my father could have gotten rid of all of them the day after they arrived, but frequently he would keep a child for several months to give him a little respite. After all, many of them had run away from bad families and this seemed like a health resort to them.

The atmosphere in the reception center was always humane, it was nothing like a jail or a prison zone. My father brought in outstanding teachers and educators and when in 1980 the Central Committee Politburo adopted a decision to change the jurisdiction of the reception center, placing it under the Department of Internal Affairs, dad objected sharply. The educators were replaced by soldiers, they started locking people up, and there were also other punishments. My father could not put up with this situation and he went to Kiev and went around to all the offices, but of course he was not able to persuade anyone to change their minds. It all ended when my father died...

[Vandenko] Is it true that Makarenko predicted a difficult destiny for your father?

[Yavlinskiy] That is not the half of it! Anton Semenovich did not give my father the slightest chance of improving, thinking that his past life had ruined him to such a degree that there could be no changes for the better. In the commune my father was included among the incorrigibles, it was recommended that the children of the teachers not even communicate with my father so that they would not come under his evil influence. But my father ended up as the only student of Anton Semenovich who continued his work and worked with difficult adolescents. My father recalls quite well how he grew up to be who he was and understood what Makarenko had done for him.

My father was a self-made man. I loved and respected him immensely. Dad never scolded me and never punished me. One thing he could not forgive was if I offended my mother. I could expect no mercy then.

In general my father was, as they say, strict, but fair.

[Vandenko] They say that he forced you to study the Ukrainian language.

[Yavlinskiy] Do you want to test me? After all, I studied in an English-Ukrainian school. My father believed that you could not live in Ukraine and accept Ukrainian hospitality and not know the language. At home we spoke Russian and at school Ukrainian. Incidentally, I am very grateful for this.

[Vandenko] You studied in a Ukrainian school but you did not finish there.

[Yavlinskiy] No, I left in the ninth grade but I completed evening Ukrainian school, so there is no real difference. And I rejected regular day school for the simple reason that I physically could not handle all the subjects that were taught to us. There were 30 or 40 of them!

Up to the ninth grade I was a good student, although I had the reputation of a student, let us say, with free views. I could "lose" my journal, hide all the inkwells in the class—in general, you understand. In the senior grades I calmed down, but in order to continue to succeed I would have had to study 24 hours a day.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Imagine studying something like astronomy or biology in English. It was clearly too much.

I decided that I would start what I wanted to, and therefore at some point I left school.

[Vandenko] How did your parents feel about your decision?

[Yavlinskiy] At home they felt that it was the end of the world. Mama was categorically against it, but I stood my ground. I went to look for work. Nobody wanted to hire me—after all I was only 14 years old. Somehow I managed to get a job in the Lvov Post Office. At 0500 I took the bags of mail for the organizations and hauled them around the city. True, the next day they started to scold me because many of the letters were mixed up and had gone to the wrong addresses. The mail for the patriarchate ended up in the bathhouse and the mail for the bathhouse went to the oblast committee... That was not my fault, I was not the one who sorted the letters into the bags, but all the complaints fell on my head. I remember that in the Lvov-Ternopol patriarchate they asked me: "Boy, how come we can return the letters that were sent to the bathhouse to you unopened, while our mail which has ended up in other hands has always been opened when you bring it to us?" What could I say? In a word, I left the post office after deciding that this was not a job for a real man. I went to the leather haberdashery factory. I was given the job of stamping out blank pieces for future handbags. The earnings of all the old ladies who worked on the conveyer line depended on my skills. On the first day they gave me encouragement when they saw how I was botching things up, on the second shift they were silent, and on the third day, by dinner time I had managed to produce only one blank form for 50 workers and a scandal broke out. They drove me out.

I went to my father and with his influence I became an apprentice to a fitter in a glass plant, where I worked until entered the institute. True, we did not tell mama that my father had helped me get this job. Mama was still hoping that I would return to school.

My father helped me a great deal in life. He was a completely free, emancipated human being who acted only in accordance with his own ideas of honor and dignity. Incidentally, one time my father told me a story that was like a parable. There was a person living on earth with yellow skin, and everyone thought he had hepatitis and gave him the best treatment available. And when the person died it turned out that he was a Chinaman... I remembered this story, and since that time I have wondered many times whether or not my projects to improve life in Russia were not attempts to change the color of the Chinaman's skin.

[Vandenko] And what conclusion do you come to?

[Yavlinskiy] That I am really not dealing with "Chinamen." Thus there is the hope that my efforts will not be in vain.

[Vandenko] So far you have had what it takes to reach the post of deputy chairman of the Council of Ministers of Russia. The sign near the window indicating this position must remind you of the heights you have reached?

[Yavlinskiy] Which heights are you talking about? The pinnacle is the victory over inflation, a real improvement of the standard of living, conversion of the Russian ruble in practice, the ability of domestic goods to compete as equals with imported goods. This is the level and the nameplate—that is just self-indulgence. People do not remember posts and positions, they remember actions.

[Vandenko] And what do you intend to be remembered for?

[Yavlinskiy] I have already told you what I mean by real victories: Briefly—they mean the elimination of poverty in Russia. It is another matter when my plans will be realized. A great deal depends on the results of the presidential elections.

[Vandenko] What are your prospects?

[Yavlinskiy] I am counting on winning. Did you really expect any other answer from a candidate for president?

[Vandenko] Let us say that you made it to the Kremlin. How much time would you ask the people to give you to carry out what you have planned? About 500 days?

[Yavlinskiy] We will eliminate inflation in three years and then the Russian national currency will be completely convertible.

In general we will crawl out of the hole within one generation. Then we will look back at these times and be impressed: Was it really possible for the mafia to run rampant and for the economy to collapse completely?

[Vandenko] Are you speaking of the generation whose representatives are in kindergarten today?

[Yavlinskiy] No, those who are now 30 or a little older.

[Vandenko] Grigoriy Alekseyevich, are you sympathetic to Manilov, who specialized in building castles in the air?

[Yavlinskiy] Do you remember what Martin Luther King said? "I have a dream." Well, I have a dream, too.

[Vandenko] In my view, dreaminess is not the best feature for a serious politician.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Yavlinskiy] I would not say that. In any case, it has not hindered me so far. The fact is that we all have the image of politicians as...narrow-minded.

[Vandenko] And what else should it be?

[Yavlinskiy] This attitude toward politicians in our country has taken hold particularly with the easy hand of Mikhail Sergeyevich. He really loved to keep saying that politics is the art of the possible. That is completely wrong. In fact politics is aspiring to the impossible and therefore achieving the possible. You will never know whether or not the ruble will be convertible if you do not set the task of doing this. Our nation will never get up from its knees and will never straighten its shoulders if we continue to be satisfied with less and do not strive to enter the world elite within the lifespan of a single generation.

[Vandenko] I agree. But still the tasks must be feasible. Have we not had enough of people like the corn lover who promised communism by 1980?

[Yavlinskiy] You will agree that communism and a stable national currency are two different things. The former is simply a myth, the latter exists in practice in two or three dozen countries of the world, throughout all of Europe.

I am convinced that discussions of the art of the possible is the domain of fools.

[Vandenko] You have asked for 500 days for your program for reforming the Soviet economy, but today for a normal life you need 30 years. Where is the guarantee that if you get into power you will not again adjust your plans in the direction of increasing the time periods.

[Yavlinskiy] The "500 days" program did not promise prosperity in a year-and-a-half. It was a system of measures necessary for emerging from the approaching crisis. Today the situation is fundamentally different. But it is absolutely necessary to follow a plan, a system of actions. Perhaps not for a year and a half (500 days) but for two or two and a half, but that is a technical matter. My dream is to pull Russia out of the gutter. And I will do this.

[Vandenko] Incidentally, about your taking over power. All serious experts agree on one thing: Only the candidate of united democratic forces can oppose the leader of the Communists. But I understand that there are problems with such a candidate and many are inclined to accuse you of being intractable.

[Yavlinskiy] Everyone has known for a long time that any step Yavlinskiy takes is a "blow to the spine of democracy."

[Vandenko] If you were to accept and reach an agreement with, for example, Gaydar, then perhaps they would look at you differently.

[Yavlinskiy] I have sworn off talking about my relations with Gaydar.

[Vandenko] Then let us talk about you some more. What about the opinion of those who, to put it mildly, do not like you very much.

[Yavlinskiy] Alright, there are such people.

[Vandenko] Do you think there are not very many of them?

[Yavlinskiy] I can only guess about their existence. The press provides information. It is impossible to meet publicly with my detractors. So far there has not been a case in which anybody would openly enter into a debate with me. Everything is done behind my back. This is a style of life and behavior. That is why all the negative letters are always anonymous.

[Vandenko] But you are probably aware of the names of your most influential detractors.

[Yavlinskiy] Are you hinting at somebody specifically?

[Vandenko] For example, the people who support the president like Korzhakov.

[Yavlinskiy] Get out of here! Why should he waste his energy on his dislike for me when nearby he has an object of positive emotion? By virtue of his official duties, Korzhakov can love only person—his president. And that is as it should be. Incidentally, Aleksandr Vasilyevich handles his immediate duties very well—as I understand it, the president is always completely safe in the physical sense. Which, incidentally, cannot be said about his political safety. But it is in the hands of other people who might even be dissatisfied with Aleksandr Vasilyevich, but in vain—they would be better minding their own business and not giving the president any stupid advice.

[Vandenko] But still, following your logic, Korzhakov, who loves his president, should not inspire any warm feelings in you.

[Yavlinskiy] Just me? This applies to everyone... Even you are a potentially dangerous type for him. Who knows you?

[Vandenko] But unlike you, I am not walking on the same road as Korzhakov.

[Yavlinskiy] Neither will I, since I am not walking to the Kremlin. They have their wedding and I have mine.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Vandenko] I will give you that. But I promised to talk about the opinion of your enemies—anonymous, I agree, who reproach you for the fact that Yavlinskiy, they say, has created a political capital on level ground: He is not famous for any scholarly developments, he is not known for his practical affairs either, he has not been involved in real power, with the exception of a brief period as deputy chairman, in a word, the only thing to his credit is the "500 days," which to many people is half myth.

[Yavlinskiy] Yes, I admit that I am not a Nobel prize winner in the area of economics, nor can I be like Zyuganov or Rybkin and defend doctoral dissertations in parallel with political activity. That is inappropriate. On the other hand, I am basically satisfied with what my colleagues and I have done in economics and in practice. For example, during the past five years we have published monographs in Russia and in many countries of the world.

Further, I have spent eight years—from 1984 to 1992—in management structures of the Council of Ministers. Is that not enough? Or perhaps I should have been in charge of a construction trust and then I would have been recognized as a practical worker? I did not come through the ranks of laboratory chiefs to be prime minister or from the ranks party secretaries.

[Vandenko] Laboratory chief—I understand that is Gaydar, but a party boss—is that Yeltsin?

[Yavlinskiy] I have already told you everything I have to say about Gaydar, and as for Boris Nikolayevich, he, of course, has managed to be in charge. Yeltsin has spent five years as president already. And every two years some disturbances break out in the country and increase the number of citizens who have died in connection with political events. In 1991 there were three at the White House, in 1993—hundreds, and in 1995 the account was increased to tens of thousands in Chechnya. And what next—in 1997 will we bury millions? That kind of political experience I do not need.

[Vandenko] Incidentally, how do you feel about discussions to the effect that Russia is better off without Grigoriyev? After all, the country has lived through both Otrupyev and Rasputin...

[Yavlinskiy] One might think that Russia has been very lucky with Borises! (Allow me to clarify that I am speaking about Godunov.) But was our country lucky to have Leonids? Or Vladimirs? Or perhaps Iosifs? Give me the names! Gena? If only the Khazans?... With Grigoriys, you see, we have been unfortunate... Let us also remember Mishkas.

[Vandenko] Incidentally, this is an interesting topic. Perhaps there would be some point in conducting a sociological study to scientifically determine the name of the leader who would bring success to Russia?

[Yavlinskiy] The Grigoriys never ruled Rus'. They hovered around power, but they were never at the head of the country.

[Vandenko] What do you think, will the national affiliation of the presidential candidate be very important in the forthcoming elections?

[Yavlinskiy] We will see what the voters say. Up to the present day, it seems to me, the candidate's nationality has been of absolutely no significance to the voters. What will happen tomorrow—we shall see.

[Vandenko] Do you think that anyone will start to play the anti-Semitic card?

[Yavlinskiy] I think it is possible. But right on television I have been asked about my religious convictions and about my parents. I said that I had seen how highly placed people in the church hold the candle as if it were a cup. This seemed to me to be the height of hypocrisy. Since that time I decided not to talk about my faith. Suffice it to know that I am a Christian. Concerning my mother, I answered directly that she is a Jew, and my father, that he is a Russian. I said that I very much loved my parents and the country in which I was born and live.

[Vandenko] And what do you consider to be your nationality?

[Yavlinskiy] I was raised in only one culture—Russian. But I will say this: For those who hate the Tatars, I am a Tatar, for those who hate Russians—I am a Russian, for the anti-Semites—I am a Jew. I am a person and a citizen of Russia.

Incidentally, you know that Aleksandr Lebed was registered as a Jew.

[Vandenko] Yes, Aleksandr Ivanovich told me that a certain Bunich asserts that Lebed's real name is Shvanner.

[Yavlinskiy] If they try to play the Jewish card against Lebed, what then will they say to me?

[Vandenko] One time you carelessly let it slip that if you were defeated in the elections you would look for a place for yourself in other regions. For a long time after that you were tormented because of this phrase. Anyway: Would you leave the country?

[Yavlinskiy] It was unfortunate that I said that, and Oleg Puptsov (ex-chairman of the VGTRK—Ed.) attributed to me words I did not say.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Vandenko] You are frequently asked about who besides yourself would be worthy of the position of president of Russia. You answer that nobody would. Do you really believe that the only suitable person on earth is Grigoriy Alekseyevich?

[Yavlinskiy] A ridiculous situation! Why should I see anyone else in the position of president? Imagine a bridegroom going to the registry office. He is met at the door by journalists who ask the question: Who else beside yourself could you recommend in the role of bridegroom for your future wife? Of course, nobody!

Now you will say that I have too high an opinion of myself. It is not that. There is no other way to answer today!

[Vandenko] And if for some reason you were not to make it to the second round. Who would you support?

[Yavlinskiy] You understand, this question can be discussed only after the first round.

...Do you have children?

[Vandenko] Two sons.

[Yavlinskiy] I have two sons as well. So we have something in common: To whom can we entrust the future of our children?

I made a choice. That is why I'm participating in this presidential campaign. Like any normal father, I think about my children and I want them to live a happy life in their native country. Things are not working so well up to now. My elder son graduated from the Physics Department of Moscow State University, but he has no job. He tried to work in business, he worked in a bank, but he did not like it and left. Now he is studying again, learning the English language.

[Vandenko] And what if your son were to come to you with the question: Should he go abroad or stay here?

[Yavlinskiy] It is bad to live abroad alone—that is what I would tell him.

[Vandenko] Perhaps he would not live alone—he could take his family.

[Yavlinskiy] It is not a matter of family. There everything is alien—the country, the life, the people. We cannot live there, we cannot leave our native graves. I know that for certain.

I could be even more definite in my speeches were it not for the risk of being misunderstood. You know, when sincerity becomes stupidity? This happens as soon as you become too candid with people who have ceased to understand you or are incapable of understanding you in the first place. That is a problem.

The main thing is to be honest, it is important for people to believe you and not get the feeling that you have something to hide.

[Vandenko] Every candidate for president fills out a declaration of his income. Are you prepared to make public how much you earned last year?

[Yavlinskiy] If necessary, I will publish a declaration. I have no secrets like that.

I do not have my own car, I use the official Volga from the Duma every other day, I never have had and do not have my own dacha...

[Vandenko] Do you have the use of an official dacha?

[Yavlinskiy] I rented one in March of this year for the election campaign. Let me continue: I have never received an apartment from the state. I lived for many years in the two-room apartment of my mother-in-law and father-in-law in the most ordinary five-story building. In 1987 we exchanged it for a three-room one, where we live to this very day with 43 square meters.

My wife's parents used to have a car and I loved to ride in it, but then came the time to buy furniture and we had to sacrifice our Zhiguli. We have never had a lot of money and there have been times when we have not had a penny in our pockets. But wealth is not for us, although in recent years we have gotten by and now we are not poor as compared to the majority of people in our country.

[Vandenko] As a presidential candidate, you have probably been assigned bodyguards. But is there a guard for your family?

[Yavlinskiy] So far neither I nor my family have guards.

[Vandenko] Have there been threats?

[Yavlinskiy] I will not discuss that subject.

[Vandenko] Do you feel there is an information blockade around you?

[Yavlinskiy] Undoubtedly. But I am counting on the fact that people are familiar with my views and the voters will make a decision about whom to vote for irrespective of how frequently the candidates appear on television. Everything is also known about my major opponents, Zyuganov and Yeltsin, and therefore the choice among us will be of a different quality than in America, where the fate of Clinton or Dole can be decided by their wearing a tie of the wrong color.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Vandenko] Do you have a special presidential calendar "From Korzhakov" which goes in reverse and life ends on 30 June?

[Yavlinskiy] Why should I have that calendar? My life is not ending. Whatever the outcome after 16 June, everything will be just beginning.

Russia: Analysis Center Poll Shows Yeltsin in Lead

LD0306175596 Moscow Radio Rossii Network in Russian 1700 GMT 3 Jun 96

[FBIS Translated Text] Dmitriy Olshanskiy, director of the Institute for Strategic Analysis and Prognosis, told a news conference today that Boris Yeltsin is confidently holding first place, according to his center's polls. The current president has 9.16 points on the 10-point scale. Gennadiy Zyuganov still ranks second with 8.61. They are followed by Vladimir Zhirinovskiy, Aleksandr Lebed, and Grigoriy Yavlinskiy who have not collected even seven points. The ratings of Svyatoslav Fedorov, Martin Shakkum, and Mikhail Gorbachev are within the range of four to five points. Ratings of other candidates are lower than that.

Russia: Yeltsin Trails Zyuganov in Bashkortostan

MM0406084096 Moscow IZVESTIYA in Russian 30 May 96 p 2

[Article by Andrey Vasilyev and Maksim Krans of IZVESTIYA Analysis Center and Viktor Skvortsov of SOVETSKAYA BASHKIRIYA: "Provinces: 17 Days To Go Before the Elections. Peasant Voters From Bashkiria's Heartland Want To Say Something to the President"]

[FBIS Translated Excerpt] Village of Nikolayevka-Tuymazy-Ufa-Moscow — Without pausing for breath after the flight to Chechnya, the president set off for Bashkortostan. You would think that his reception there would be duly cordial and that he would be assured of full support. However, he should take stock of the unofficial side of matters, of the real state of affairs during this trip. For example, when addressing workers of the "Alekseyevskiy" vegetable-growing sovkhoz he should bear in mind the fact that it is the Communists who are most popular among peasants in the republic.

A May poll of the inhabitants of Baskortostan's villages produced the following figures: 39.2 percent of voters intend to vote for Zyuganov; 17.5 percent for Yeltsin; and 22.6 percent still have not made up their minds (in the republic as a whole: 33 percent are for Zyuganov; 23 percent for Yeltsin; and 21 percent are undecided). The majority in favor of Zyuganov are former supporters of the "Agrarians." [passage omitted]

Russia: Chernomyrdin Interviewed on Economy, Presidential Elections

MM0306211296 Moscow KOMSOMOLSKAYA PRAVDA in Russian 4 Jun 96 p 3

[Interview with Russian Prime Minister Viktor Chernomyrdin by Aleksandr Gamov; place and date not given: "Viktor Chernomyrdin: '...Enough of Upheavals!'"]

[FBIS Translated Text] [Gamov] Viktor Stepanovich, my friends, and our fellow countrymen the inhabitants of Orenburg, often ask me: What has happened to Chernomyrdin? Why has he retreated into the background? Surely he hasn't retired? Sometimes it even seems to me that you have seriously changed following our last meeting in December....

[Chernomyrdin] This is an illusion. I am still the same as I was before. It is just that I am more rarely to be seen on television. And after all, I am not a television personality, but the prime minister. The government is today perhaps more than ever before involved in its proper work — the economy, production, the social sphere. And there is no point in muddling things....

[Gamov] Actually, I had intended to start our conversation with something else — the election campaign which has now been launched. Viktor Stepanovich, how much energy and money we are blowing on it! All the time we are choosing and choosing something.... No one is working, everyone is waiting for upheavals. Will our economy withstand this kind of democracy?

[Chernomyrdin] Are you trying to provoke me? Or are you opposed to the election? I agree — during such large-scale public-political campaigns an enormous amount of energy and money is diverted. But this is necessary. The significance of the upcoming presidential election cannot be overestimated.

Remember all the different forecasts the press was making, saying the president does not need this election, he will either cancel it or postpone it. Nothing of the sort has happened and nothing will happen. And I am very glad that all these "forecasts" failed to come true. The president does need this election. And so does Russia.

Will our economy withstand democracy? It will. Because they have come from the same stable.

[Gamov] But still: What will happen to it in August? I mean the economy. In recent weeks both the president and the premier have been making optimistic statements to the effect that a "small upturn" has taken shape. But people do not really feel that. I have traveled around

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

many cities with Boris Nikolayevich, and almost everywhere, and this includes in our area, he is criticized. And fairly strongly.

[Chernomyrdin] I know. I would not like my words to be received as "canvassing," but I will say the following. At the end of last year the government determined the following top-priority task for itself: To ensure that 1996 is the year the economy starts to grow, the living standard improves, and investments grow. Then we came to the conclusion that this is not just possible, but attainable.

That is how we are made — we quickly become accustomed to good things. For example: From January to May of this year the rate in the rise of prices has been steadily falling. According to our estimates, it should be about 1.5 percent in May. The figure will be just under 30 percent for the year as a whole. By and large this is an impressive result.

If we analyze this, we have not just come near a financial stabilization of the economy, but we have essentially already entered this situation. If we stay within these parameters for another three or four months, investments will appear and a growth will begin.

[Gamov] You are talking as though you were afraid of something. What is it exactly — undesirable results in the election?

[Chernomyrdin] That is not the only issue. Keeping the economy in the state of shaky equilibrium in which we can expect to remain for some time yet, will require an enormous amount of work even if the election has a favorable outcome for us. First of all, we have to implement the budget no matter what. Today we are lagging behind both in terms of income and expenditure. There are heaps of problems, it simply makes your head spin. A tax shortfall, nonpayments, arrears in wages in the non-budget sphere, the disorder in the mechanism for payment transactions and barter.... There are indeed plenty!

But every cloud has a silver lining, as they say. We have all gotten down to eliminating the budget arrears in wages and pensions. We seem to have sorted it out. But that is not the only good thing. When we were solving these problems, we essentially started to build a new mechanism, step by step, both for financial relations and financial discipline. And what is particularly noteworthy is that we are experiencing a gradual change in the whole of economic policy toward the support of production and the domestic producer. This is the viewpoint from which we should look at the decision to regulate the currency rate, the Russian president's edict on tax policy, and the steady "piecework" in dealing with the major culprits who are not paying into the budget.

Literally a few days ago, the government solved the problem of two World Bank loans — for the coal sector and for facilities in the infrastructure. We are preparing proposals on the reform of the social sector. And of course our special concern now is the concept of the 1997 budget.

Those, to put it briefly, are the tasks which we are poring over at the moment. They are difficult. But the very fact that we have gotten down to dealing with them at long last shows that we are beginning to make progress.

[Gamov] Viktor Stepanovich, does it not seem to you that your own conclusions are too optimistic?

[Chernomyrdin] No, it does not. You are skeptical because you are a journalist. Even a year ago the stimulation of investments and support for production were spoken about in the future tense, "in the category of the long term." Today these ideas are being put into practice. At the end of 1995 compensation for savings and the protection of investors were also spoken about in the conditional: It would be a good thing if.... But today what is the government asking? Where, who, what, and why have they not done it?

I could give a lot of examples. Is it not obvious that before we were surviving, whereas now we are alive. Isn't there a difference?

[Gamov] In that case let us return to the question "of Chernomyrdin's resignation." This is being raised a little too often, from the lips of certain politicians, from the pages of newspapers.... Why do you think that is?

[Chernomyrdin] Why are you asking me this? Ask the politicians and your colleagues. Although, you know, it makes me feel quite good that my post is so desirable. Two or three years ago no one wanted it. Not only that, there were times when you could not drag indispensable and useful people into the government. But now.... This means that something has changed in our work, we have advanced. And we have advanced in a pretty good direction.

[Gamov] Nevertheless, many people, even in the president's camp, are urging Boris Nikolayevich to "surrender" such a major figure as Chernomyrdin to the opposition. Are you personally prepared for resignation — psychologically and mentally?

[Chernomyrdin] You know the frankly extremely difficult position that I have been in during all the years of my premiership. A long time ago I adopted the rule to work without looking at the "looming dismissal," worrying whether it will come or not. Good luck to it! I

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

simply cannot work in that atmosphere, I cannot cut myself in two. I am used to being trusted and being responsible for the results of my labor.

I am very happy that I work that way with the Russian president. He has never tried to tie my hands. We sit down, have a talk, decide what needs to be done — and start doing it!

[Gamov] What about the "exchange" which is being foisted upon the president: We give you "Yabloko" and you give us the premier's post....

[Chernomyrdin] The point is not whether I will be exchanged or not. I cannot be exchanged. I am not a pawn that you can treat like that. I can determine my own fate.

I am a realist and I understand that nothing lasts forever. I will have to go sometime. But if I saw before me a worthy candidate who knew his way around politics, economics, our life, I would give him my post straight away. Why get in the way? That is not within my rights. But what do we see: People criticize, they say, you shouldn't do this , you shouldn't do that.... So what should you do? They have nothing to say. Their attitude is, when we come to power we will show you how you should work. Some people have been harping on about the same thing for three years now. I say, the government door is not closed — come in and work! I meet everyone, I listen to everyone. But so far no one has suggested anything sensible. This is playing a joke on the public: Saying a great deal, promising things, and then deceiving people once more. We have had enough deceit!

By and large there are a great many contradictions and even plenty of populism in the contenders' election platforms.

[Gamov] The other day Boris Yeltsin's program was also published; it too contains a number of "specific promises." Voters might say: Both the president and the government made many promises before too, but not all that they promised was delivered. Why, they might say, should we believe Boris Nikolayevich this time? In short, is the president's election program capable of fulfillment? And if so, to what extent?

[Chernomyrdin] What do you mean — "capable of fulfillment"? It is already being fulfilled. Just pick up and read the president's edicts for the past month — the purely social edicts, the economic edicts, the edicts of regional significance, and the so-called targeted — sector — edicts. I will not list them all, I will only remark that they accord with the president's program literally point by point.

But this is not the most important thing. The edicts are working! On almost every one of them — whether it concerns the defense or the agrarian sector — the government has been given specific instructions and allocated resources. But why do you smile? I think that this is exactly what the election program of the incumbent head of state should be — energetic.

[Gamov] But the outcome of the presidential elections does not depend on programs alone. Society is deeply interested in the swift solution of the Chechen crisis. As the leader of the State Commission for a Settlement in the Chechen Republic, how do you see the solution to the prevailing situation?

[Chernomyrdin] The president met with representatives of the opposing side in Moscow and visited the "hot spot" himself. Incidentally, I wish to remark that we do not view these talks as a conversation between victors and vanquished. We have a clear position. Chechnya is a part of Russia, and the political aspect of relations between them is the subject for future discussion. In Moscow specific issues were discussed: the exchange of prisoners, the creation of the necessary conditions for rebuilding the economy and social sphere in Chechnya.

Many things are being done in this sphere right now. The other day, in accordance with the decision of the State Commission for a Settlement in the Chechen Republic, I signed a Russian Federation Government decree on the allocation of around 604 billion rubles to rebuild the Chechen economy and social sphere. Moreover, the bulk of these resources will go toward the solution of social problems: above all, the payment of wages and benefits and the creation of jobs.

Our main task today is to improve people's lives. I am convinced that we will resolve the Chechnya problem. We will resolve it whatever the cost. Peace will come!

[Gamov] Viktor Stepanovich, two weeks remain until the presidential elections. We are persuaded — and many people, I think, have already been convinced — that not only are we electing a president, but Russia is also choosing its destiny. But what is your personal choice?

[Chernomyrdin] Hmm, a strange question. Though, if you think it over a little, we are choosing not only our own destiny, but also the future of our children and our grandchildren. Three reforms have been started in Russia this century, but not one has been finished. Right now the fourth is being carried out. We must at the very least complete it in a humane way. Today we have everything we need for this — the program, the people, and the resources. We have a president. And this is the president we need! To consolidate what we are doing

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

today — thoroughly and once and for all. And no more upheavals. Russia has suffered its fill....

[Gamov] How do you think that our native Orenburg Oblast will vote?

[Chernomyrdin] Things are not easy right now for those from our native parts, as is the case for many people in the country. But Orenburgers have always been distinguished by a sense of their own worth and by common sense. I would like, of course, for our little motherland — mind you, our big homeland as well — to mainly vote for Boris Nikolayevich Yeltsin.

[Gamov] And next — a trivial question. May I?

[Chernomyrdin] By all means!

[Gamov] Rumors have appeared in recent times that both our president and our premier have given up alcohol, but Gennadiy Andreyevich Zyuganov does not turn his nose up at a small glass. Do you think that Russia, as a nation of drinkers traditionally, will understand you and the president? Although Boris Nikolayevich did say recently that, like every Russian person....

[Chernomyrdin] I too am a normal Russian person. Who told you that I turn down a glass? I don't turn anything down. If I have to drink a little vodka, I drink a little vodka. I'll get merry, but I know when to rein back the horses. Have you ever seen me drunk? Well then....

Russia: Seleznev Rules Out CPRF-LDPR Accords Before 16 Jun

LD0406113896 Moscow ITAR-TASS in English 1058 GMT 4 Jun 96

[By Pavel Kuznetsov]

[FBIS Transcribed Text] MOSCOW, June 4 (Itar-Tass) — State Duma speaker Gennadiy Seleznev, a member of the Communist faction in the lower house of parliament, ruled out any accords before the first round of the June 16 presidential elections between the Communist Party of the Russian Federation (KPRF) [CPRF] led by presidential candidate Gennadiy Zyuganov and the Liberal-Democratic Party of Russia [LDPR] with Vladimir Zhirinovskiy at the head.

Seleznev was commenting on the Monday meeting between the communist leader and the LDPR chief, both of whom are running in the presidential elections.

Seleznev said he had not discussed the results of the meeting with Gennadiy Zyuganov and stressed that he found "quite natural" the process of consultations among all political forces which named their candidates for the presidential office.

The KPRF leader, according to Seleznev, is an advocate of a government of popular accord capable of "alleviating the presently existing disputes in society."

A government of that kind, should it be formed, must not be a one-party government, Seleznev said. He did not rule out that the arrangement was discussed at the Monday meeting between Zyuganov and Zhirinovskiy.

Seleznev said that for the time being, all 11 candidates for the Russian presidency were advancing towards the first round of elections on June 16 "single-handedly," without teaming up with any other contender.

After the first round, the question will be not about one party compromising itself with an alliance with another party, but about "how to achieve public accord in society in real terms."

At present, even President Yeltsin has begun to speak about a coalition government regarding it as "an opportunity of ensuring a sort of concord in society," Seleznev said.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

CIS: ITAR-TASS Carries Press Review for 4 Jun

LD0406060496 Moscow ITAR-TASS in English 0539 GMT 4 Jun 96

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW June 4 (Itar-Tass) — Follows a review of Tuesday's Moscow-based Russian newspapers dated June 4. The press continues to highlight Russia's forthcoming presidential elections, due to be held on June 16.

IZVESTIYA on the undecided proportion of the electorate.

The newspaper runs the first instalment of an article headlined "A voice from the 'swamp'" by Aleksandr Vasinskiy. The writer of the article, leaving aside the zealous Zyuganovites and their obvious opponents, draws attention to a huge proportion of undecided people, the social stratum which is disparagingly referred to as 'the swamp'.

"Political scientists and sociologists may contemplate any kinds of combinations and coalitions, and this is of course important in the election-campaign estimates and forecasts. But a decisive success will be scored by those who would guess the frame of mind of 'the swamp', the politically non-engaged segment of society," Vasinskiy points out.

ROSSIYSKAYA GAZETA on prospective voter turnout in presidential elections.

The newspaper carries an article by Lyudmila Vartazarova, leader of the Socialist Party of the Working People. She writes that "more than 80 per cent of potential voters, i. e. more than 80 million citizens of our country want to decide themselves who will be President of Russia."

ROSSIYSKAYA GAZETA on Gennadiy Zyuganov's socio-economic programme.

The newspaper runs an article by Aleksandr Velichenkov. He believes that there was no sense in publishing the Communist Party programme in the form in which it was presented, for the programme had long been epitomised by just one phrase from "The Stalker" by science fiction writers Strugatskikh: "Happiness for all, free of charge, and let no one go away offended".

TRUD on the programme manifesto of Aleksandr Lebed.

Under the headline "The Truth and Order", the newspaper runs the programme manifesto of presidential candidate Alexander Lebed who singles out the following main subjects: "Russia: the present-day situation", "The ailment of society", "The cure", " A State set-up", and "Russia's Road".

ROSSIYSKIYE VESTI on statements in support of Yeltsin at the June elections.

The newspaper carries a column of statements and messages by a number of Russia's non-political organisations in support of the President of the Russian Federation at the June elections.

"This is a weighty argument in favour of the idea that the fundamentals of a civic society have appeared in Russia over the past five years of Boris Yeltsin's presidency: people want actually to participate in the country's life and are aware of their responsibility for its future".

PRAVDA on an expected outcome of Russia's presidential elections.

The newspaper summarises remarks by Roy Ellison, Director of the Programme for Russia and CIS Studies at the London-bsed Royal Institute of International Relations, who was interviewed by Pravda's own correspondent Pavel Bogomolov.

"If the forthcoming presidential elections in Russia go off without any distortions or falsifications, that would undoubtedly become a triupmh of democracy, a step forward along the road of historic reforms in the vast Eurasian state," Mr Ellison said.

ROSSIYSKIYE VESTI on Caucasian summit.

The newspaper highlights the results of the meeting in Kislovodsk of the Heads of State of Russia, Azerbaijan, Armenia, and Georgia, as well as the leaders of the republics, territories and regions of Russia's North Caucasus. At the Kislovodsk meeting, President Boris Yeltsin proclaimed five principles of Russia's Caucasus policy, the newspaper emphasises.

KOMSOMOLSKAYA PRAVDA on the election of governor of St Petersburg, in which Vladimir Yakovlev won a difficult victory over Anatoliy Sobchak.

The newspaper carries an article headlined "The elections in Petersburg: The decline of the Sobchak era", pointing out, in particular, that Yakovlev reckons himself among "Democratic practicians".

SOVETSKAYA ROSSIYA on the same subject.

The newspaper believes that "the era of the initial 'Democratic' intoxication has receded into the past in St Petersburg together with Anatoliy Sobchak".

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

CIS: Yeltsin Speaks at Caucasus Summit Meeting

LD0306194096 Moscow Russian Television Network in Russian 1600 GMT 3 Jun 96

[Video report from Kislovodsk by correspondent M. Tkachev, including recordings of remarks by Russian President Boris Yeltsin — from the "Vesti" newscast]

[FBIS Translated Text] [Announcer] Today's main political event took place in Kislovodsk, where the first all-Caucasus summit meeting was held. The presidents of Russia, Armenia, Azerbaijan, and Georgia today signed a declaration of international accord, peace, and economic and cultural cooperation in the Caucasus. Here are the details of that meeting in Kislovodsk in a report from our correspondent.

[Tkachev] Today's main event was the Greater Caucasus meeting, which took place in Kislovodsk. Russian President Boris Yeltsin and the heads of state of Azerbaijan, Armenia, and Georgia appended their signatures to a document of historic significance both for the Caucasus and for Russia. The declaration of international accord, peace, and economic and cultural cooperation in the Caucasus came into force today.

Those attending the meeting welcomed the agreement on the cessation of hostilities in Chechnya, as well as the signing of the memorandum on measures to ensure security and strengthen mutual trust between the sides in the Georgian-Ossetian conflict. The variety of linguistic groups, religious confessions, and national cultures is a unique feature of the Caucasus region, where the basis of Russian policy is lasting peace and relations of mutual support.

[Yeltsin, speaking at meeting] Integration processes within the CIS have recently begun to gather strength, but one cannot rush into integration. Today it is proceeding at different speeds, and there is nothing wrong with that. The main thing here is the voluntary principle.

[Tkachev] Apart from that, those attending the meeting urged all interested parties to make every effort to eliminate existing conflicts on the basis of the norms of international law. So for the first time a document was signed that will guarantee peace and tranquillity for the peoples of Russia and the Greater Caucasus. From now on, the situation in the region will be monitored both by Russia and by its largest southern neighbors.

[Yeltsin, to camera] The Greater Caucasus meeting — that is what it is called — has taken place for the first time, and we are sure once more that any painful spot in any part of the Caucasus is reflected immediately by pain throughout the Caucasus.

CIS: Summit Hailed as 'New Impetus' for Peace in Caucasus

LD0406095196 Moscow ITAR-TASS in English 0905 GMT 4 Jun 96

[By Tengiz Pachkoria]

[FBIS Transcribed Text] TBILISI, June 4 (Itar-Tass) — A meeting of heads of state of the Transcaucasian countries, Russia and chiefs of republics and regions of the Norethern Caucasus, held on June 3, will give a new impetus to a full-scale settlement of conflicts in the Caucasus. Georgian President Eduard Shevardnadze said this to reporters, commenting on the meeting held on Monday.

The Georgian president described as "remarkable" the fact that chiefs of regions of the Northern Caucasus joined actively in the settlement of conflicts in the Caucasus. Shevardnadze believes that very much depends on their actions and responsibility.

Shevardnadze hopes that the Kislovodsk meeting will result in stepping up cooperation between the Northern Caucasus and the Transcaucasia and will help restore relations in the areas of culture, science, economy, transport.

CIS: Aliyev: Kislovodsk Meeting Will Set Peace in Caucasus

LD0306142696 Moscow INTERFAX in English 1356 GMT 3 Jun 96

[FBIS Transcribed Text] KISLOVODSK, June 3 (Interfax) — Azerbaijani President Geydar Aliyev on Monday expressed confidence that the declaration of peace and goodwill made by Russian and Caucasian leaders at Kislovodsk (Russia's Stavropol territory) "will help establish peace and stability in the Caucasus."

The meeting was attended by leaders from Russia, the Caucasian states and the North Caucasian members of the Russian Federation.

Drawing particular attention to "the Karabakh conflict, one of the oldest ones in the Caucasus," Aliyev said that "the leaders of the former Soviet Union could prevent it but some of them even encouraged its development."

According to Aliyev, among the conflicting sides, Azerbaijan suffered most of all: 20 percent of the republic's territory is occupied, 1 million people became refugees.

The president said that to settle the conflict it is necessary to liberate the occupied Azerbaijani territories, return refugees to their homes, and give Nagorno-Karabakh the status of an autonomy within Azerbaijan.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Speaking about the conflict in Chechnya, Aliyev expressed confidence that the initiatives by Russian president Boris Yeltsin to settle the conflict will bring about positive results.

"This will be very important for the settlement of other conflicts in the Caucasus," said Aliyev.

Aliyev expressed hope that reforms will continue in Russia. Linking democratic changes in Russia with Boris Yeltsin, the Azerbaijani leader expressed "unconditional support" for the Russian president. "Azerbaijan, which is connected with Russia by many centuries of history, is not indifferent to what kind of Russia it will do business with in the future," said Aliyev.

Baltics: Benelux MPs Support Baltics' Accession to EU

WS04061011196 Tallinn BNS in English 1755 GMT 3 Jun 96

[FBIS Transcribed Text] Tallinn, June 3, BNS — Members of the Benelux parliament support Baltic states early admission to the European Union and the Schengen visa space, deputy Speaker of the Estonian parliament, Arnold Ruutel, said on his return from Luxembourg Monday.

Ruutel said that European integration had been the main issue of the meetings with members of the Benelux parliament.

Ruutel said that during their discussions representatives of the Baltic Assembly and the Benelux parliament had exchanged opinions on expanding the Schengen accord, with the prevailing opinion in support of the Baltic states' early inclusion in the Schengen visa space. Ruutel said that for Estonia this involved a lot of work in terms of accession to a number of international agreements and tightening of its borders.

Ruutel said the Benelux countries fully support the Baltic states' aspiration to join NATO. "It was pointed out in Luxembourg that a slowdown could be noticed in issues of NATO expansion while in fact the process should be sped up," Ruutel said.

Ruutel also said he had discussed possible Benelux aid to the Baltic countries. Ruutel said the Baltic countries needed aid to support the return of Baltic settlers from Siberia and the return of Russian citizens to their homeland.

Ruutel visited Luxembourg from May 29 to June 2, as member of a Baltic Assembly delegation.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Russia: Grachev: NATO Expansion, PFP Activities Incompatible

LD0306134796 Moscow INTERFAX in English 1325 GMT 3 Jun 96

[FBIS Transcribed Text] LVOV, June 3 (Interfax) — The NATO Partnership for Peace [PFP] program and the eastward expansion of the alliance are incompatible, Russian Defense Minister Pavel Grachev told a news conference at the Lvov military training grounds, where the Peace Shield-96 exercise started Monday.

The minister, however, admitted the importance of international military cooperation within the framework of the Partnership for Peace program.

The drill involves servicemen from nine nations, who are jointly training for peacekeeping operations.

"Ukraine has fulfilled its obligations and became a non-nuclear state on May 31, when the last train loaded with nuclear materials left its territory," said Grachev.

"I do not know whether Ukraine wants to become a member of NATO, but Russia has a well-known stand on this issue," he added.

Russian military reform will greatly increase the peacekeeping potential of the Russian armed forces, Grachev said. A total of 21 battalions will be formed in the Russian armed forces under a presidential decree to have 12,000 soldiers and officers ready for peacekeeping operations.

Some 17 battalions are being formed in the Leningrad military district and the rest in the Volga military district, said Grachev.

"A total of 11,000 servicemen of Russia are already involved in peacekeeping," he added.

Russia: Primakov Hails NATO's Efforts 'To Adapt to Realities'

LD0406092196 Moscow ITAR-TASS in English 0908 GMT 4 Jun 96

[By Aleksey Korinenko and Aleksandr Mineyev]

[FBIS Transcribed Text] BERLIN, June 4 (Itar-Tass) — Russian Foreign Minister Yevgeniy Primakov expressed satisfaction with today's Russia-NATO meeting at the foreign ministerial level.

Primakov agreed with NATO Secretary-General Javier Solana in describing the 16 plus 1 meeting as "frank, useful and constructive."

According to the Russian Minister, it was the main thing that all speakers from the side of the North Atlantic Alliance at the meeting were unanimous in stressing that Russia had a very important role to play in the security system and that it was necessary to maintain such relations with it which would enhance security.

"We said that we understand the significance of the North Atlantic Treaty Organisation and believe that the Alliance, judging from yesterday's communique, has begun to adapt to realities," Primakov said.

He explained that the realities he had in mind consisted in the transition not to a unipolar but to a multipolar world on the one hand, and in the shifting of emphasis to the prevention not of a global threat but of threats arising at the regional level in the form of conflicts.

"Russia wants to develop relations with NATO, and the meeting heard very encouraging calls on the part of some NATO ministers not to determine any processes in NATO, including the bloc's expansion in the direction of our borders, but to let all these questions be discussed in dialogue with Russia," Primakov said.

Russia: NATO Will Be Asked To Keep Central Europe Nuclear-Free

MM0406105996 Moscow IZVESTIYA in Russian 1 Jun 96 p 3

[Article by Konstantin Eggert: "Moscow May Become Troublesome Interlocutor for West If It Fails To Obtain Guarantees of East Europe's Nuclear-Free Status"]

[FBIS Translated Text] Brussels — After the "Partnership for Peace" program began to be implemented in 1994, a new wing was added on to the complex of NATO buildings in Brussels. This housed the "partners'" missions. The rooms intended for the Russian mission lie empty. People here hope that this is a temporary phenomenon.

So far only 10 officers led by General Leontiy Shevtsov embody Moscow's cooperation with the North Atlantic alliance. They are at work in the Belgian city of Mons, headquarters of the NATO allied command, Europe, and are mainly dealing with the operation involving the multinational forces in Bosnia.

Both alliance spokesmen and Russian diplomats agree that, whereas Moscow's "16 plus one" political consultations with NATO are proceeding extremely actively, military cooperation is virtually zero. "A host of officers from Central Europe are at work in Brussels," a Russian Embassy staffer said. "Our relations with the bloc are complex and there are plenty of concerns at home. But that does not mean that we should turn down the chance of taking a close look at how the 20th century's most effective military organization works. Ultimately 10 years ago we would have spent a pile of money to look at NATO from the inside."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Personnel at the alliance headquarters say that they cannot develop contacts with the few Russian officers who have attended seminars in Brussels. "Once they return to Moscow they become quite inaccessible," staffers complained.

Nonetheless, when Foreign Minister Yevgeniy Primakov comes to Berlin 3 June to take part in the meeting of foreign ministers, the Western countries will try not to remind him of the disagreements. "We will talk about the excellent cooperation with the Russians in Bosnia and about how to broaden our dialogue," NATO Secretary General Javier Solana promised.

The subject of the bloc's eastward expansion, which the Kremlin finds unpleasant, will for all practical purposes not be broached during the Berlin meeting. People in Brussels make no secret of the reason for that, namely the Russian presidential election. People in NATO are reluctant to hit Yeltsin where it hurts at such a critical moment. What is more, the North Atlantic alliance's adaptation to new conditions and cuts in and the modernization of its command-staff structure will be discussed in Berlin. People at bloc headquarters speak of the impossibility of another large-scale war on the continent and the need to accept the "minor challenges of the time" — interethnic conflicts, terrorism, the proliferation of mass-destruction weapons.

Relations between the Kremlin and NATO have been shrouded in a stifling atmosphere of expectation, which should be eased by the Russian election and, in part, by the U.S. election also. Then events are seen as developing as follows: Either this December at the meeting of NATO foreign ministers or next March or April during the meeting of alliance heads of state the candidates for entry to the organization will be named and a schedule determined for talks with them. The talks should take another three or four years and only then will Poland, the Czech Republic, and Hungary (no one doubts that they will be the first) officially join NATO.

You get the impression that Moscow has already realized the inevitability of the above scenario: It is now just a question of the terms on which it will remove its objections while at the same time trying to save face.

It can be concluded from conversations with diplomats that the main condition is as follows: NATO must provide written guarantees that it will not site nuclear weapons and troops in Central Europe. Russia's representatives cite the experience of German unification: There are no nuclear weapons or foreign troops in what was the GDR. "We expect concrete answers from NATO," a high-ranking Russian Embassy staffer said. "If they are not forthcoming, our country may change its line and become a very troublesome interlocutor."

NATO interlocutors do not believe that Russia will agree to deliberately isolate itself, and they hope that a treaty on partnership between the bloc and our country will be signed sooner or later. "Our alliance is a democratic organization of democratic countries where decisions are adopted democratically. Whom could we threaten?" Javier Solana said persuasively.

Russia: Moscow Not To Seek G-7 Transformation Into G-8 in Lyon

LD0306164096 Moscow INTERFAX in English 1605 GMT 3 Jun 96

[FBIS Transcribed Text] MOSCOW, June 3 (Interfax) — Russia does not intend to raise the issue of Group of Seven's final transformation into a "Group of Eight" at the Lyon summit on June 27-29, a high-ranking Russian Foreign Ministry official told Interfax Monday.

At the same time he said there are plans for Russian President Boris Yeltsin to participate not only in political discussions but also in discussions on some economic issues of interest to Russia.

The issue is now worked out by representatives of the country's leaders (Yeltsin is represented by Russian Economics Minister Yevgeniy Yasin), said the diplomat.

According to him, G-7 countries are working on a statement in support of Russia joining the Paris Club of the world's major creditor countries, to be approved by the summit.

But he said the summit cannot resolve the issue of Russia's admission to the Paris Club, which is an independent organization.

"Russia would like to join the Paris Club and we are standing a rather good chance. But some technical issues must be resolved first," said the source without specifying the issues.

Russia: CFE Members Extend Russia's Term for Arms Destruction

LD0306151596 Moscow ITAR-TASS in English 1448 GMT 3 Jun 96

[By Anatoliy Yurkin]

[FBIS Transcribed Text] MOSCOW, June 3 (Itar-Tass) — The decision of the participants in the conference on the operation of the Conventional Forces in Europe (CFE) Treaty to extend till May 31, 1999, the term for Russia's destruction of armaments to which the treaty applies suits Russia's national interests, Itar-Tass learned on Monday from the main agency of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners

international military cooperation at the general staff of the Russian Armed Forces.

High officials of the agency believed that giving to Russia three more years for the elimination of part of armaments stationed along its borders remedies the discriminatory situation in which Russia landed because of the historic change of the geopolitical and military situation in Europe.

They pointed out that the CFE treaty, signed in Paris on November 19, 1990, was worked out and concluded in conditions of the confrontation of two powerful military-political blocs — the Warsaw Treaty and NATO. Therefore, initially the implementation of the provision of "flank restrictions" envisaging the elimination of part of armaments of USSR was set for November 1995.

Russia, painstakingly fulfilling the obligations, raised more than once the question about the revision of some provisions of CFE treaty. Experts in the Russian general staff suggested specific mechanisms for adapting this important document to contemporary conditions. And they did not envisage disrupting the treaty and creating for Russia the opportunity to build up heavy arms in the Northern Caucasus. The Russian delegation at the talks in Vienna pointed to the need to create a group of forces .hat would be meant expressly for ensuring the country's integrity and security.

During the debates, the participants in the conference agreed to begin negotiations in Vienna on substantially modernising the treaty and adapting it to Europe without blocs in new military-political conditions. The decision to extend the time for the destruction of Russian arms has become the initial step in this direction, it is held in the Russian General Staff.

Russia: Delegation Aide Explains 'Tough Line' on CFE

MM0406084196 Moscow TRUD in Russian 30 May 96 p 4

[Report by Sergey Buneyev: "We Must Avoid a Trap, Russian Delegation At Vienna Conference To Examine Operation of CFE Treaty Believes"]

[FBIS Translated Text] Vienna — We can only speculate about what is happening behind closed doors at the Hofburg Palace in Vienna, where the conference to examine the operation of the CFE Treaty has been in session since 15 May. But from the way in which diplomats have been tight-lipped with journalists, we can assume that it has not been easy, although virtually all parties have carried out their commitments to cut military hardware.

Moreover, according to certain information from the Hofburg, we can assume that the fate of the treaty signed in Paris six years ago is hanging by a thread. Yet that document was meant to be and in principle could serve as a basis for a stable system of international relations on an almost Europe-wide scale.

The treaty was drawn up under the conditions of confrontation between two military-political alliances — NATO and the Warsaw Pact — and the security model enshrined in it was designed to maintain the balance between them. But history does not stand still. And although 23 states took part in drawing up the document, 22 signed it — by then Germany had been unified. Incidentally, it has to be said that the Germans then took on additional commitments to reduce their conventional arms, and so there was no particular distortion to the blocs' security levels. But then the Warsaw Pact and the USSR collapsed.

A fundamentally new situation had come about in which the security interests of the states taking part in military-political alliances and of states not taking part in them were not equally considered. Take just the so-called "cascade" principle, which made it possible to "transfer" a quota for any kind of conventional arms from one bloc participant to another. Put crudely, any NATO country is able to concentrate up to 13,300 tanks on its territory by using its allies' quotas, whereas Russia can have no more than 6,400. Despite this, the 1992 Tashkent meeting of eight independent republics of the former USSR adopted a decision to implement the treaty in the form in which it was signed. Commitments were redistributed as well. The lion's share of the cuts, of course, went to Russia.

What were we guided by in saving a treaty that was now disadvantageous for us? First and foremost, by a rejection of confrontation with the West and the strengthening of confidence in each other. It is undoubtedly to the treaty's merit that mutual inspections and advance mutual notification from countries about conventional armed forces activity have become possible. But the main motive force has been and continues to be the hope that a security system will be created in Europe which would protect the interests of all states. But the decision to expand NATO eastward makes our participation in this treaty in its present form barely acceptable, since a destabilizing military potential could take shape beside our borders. Moreover, the restrictions contained in the treaty take no account of the need to avert local conflicts — as has been graphically demonstrated by events in Chechnya. There is also the "flank problem." Russia has taken on all the USSR's commitments to bring its flanks armaments into line with the treaty. As a result we are now unable to build any kind of sensible military

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

grouping in the North Caucasus region, and the correlation between the technical level of equipment of various combat arms has been violated. Or take the Black Sea Fleet problem — how can we ensure its viability and combat readiness without a corresponding amount of naval infantry hardware?

"The existing situation objectively requires a revision of obsolete plans," Sergey Mostinskiy, an adviser to the Russian delegation at the conference, told this TRUD correspondent in an interview. "We have put forward a number of ideas that, in our view, make it possible to renew the treaty while retaining its essence. These are, above all, the transfer of arms restrictions from a group basis to a national basis, the introduction of 'adequacy rules' for joint armed forces of military-political alliances, and the elaboration of a mechanism for utilizing the provisions of the treaty in exceptional situations and opening it up to accession by other countries. We expect a decision on the immediate commencement of substantive [predmentnyy] talks on these issues to be made at the conference and that it will be reflected in the final document. We believe that modernizing the treaty is in everyone's interests. If Russia does not feel secure, others will not be able to either. We have made a whole number of concessions, but there is a limit — our national interest. If that line is crossed, we will be talking not about an agreement but about capitulation. Ultimately the treaty is not a trap but an agreement between partners who understand each other. The document was drawn up on the basis of consensus and envisages the possibility of withdrawal if a state believes that it is damaging its national security. We are a nuclear power and ultimately we can solve our own problems ourselves. But we believe that the modernized form of the treaty could serve as a basis for creating a new European security model for the 21st century, and we hope that our position will meet with understanding."

Judging by everything, Russia's tough line at the conference has come as a rude awakening to many of the participants, who had not given any attention to any of our proposals for the past three years. At any rate, it seems as though the diplomatic horse-trading is under way. Will it be possible to preserve the viability of this truly unique document?

Russia: Kislovodsk: Yeltsin Speech, Reactions Cited

MM0406105196 Moscow ROSSIYSKIYE VESTI in Russian 4 Jun 96 p 1

[Report by Pavel Anokhin and Aleksandr Ryabushev: "Five Principles of Russia's Caucasus Policy Were Proclaimed Yesterday by Russian Federation President Boris Yeltsin at Kislovodsk Meeting With Transcaucasus Heads of State and Leaders of North Caucasus Republics, Krays, and Oblasts"]

[FBIS Translated Text] Kislovodsk — The meeting began with the signing of the joint declaration "For Interethnic Accord, Peace, and Economic and Cultural Cooperation in the Transcaucasus." "I attach exceptional importance to this document," Russian President B. Yeltsin stated. "It contains an action program aimed at making the Caucasus a peaceful, prosperous, and comfortable home for all the peoples who live there."

At a meeting of the top political elite of the Transcaucasus and North Caucasus Boris Yeltsin read out the five principles of Russia's Caucasus policy, which are designed to establish lasting peace in the region. They consist of the following:

1. The Caucasus is a unique community of peoples. Attempts to dismember the single Caucasian organism and to drive a wedge between certain Caucasian peoples and countries, and between the Caucasus as a whole and Russia will inevitably mean big trouble for all of us. We need stability, security, and cooperation throughout the entire Black Sea-Caspian area. Otherwise it will be impossible for Russia, Azerbaijan, Armenia, or Georgia to develop normally.

2. Our common responsibility and paramount task is to place the situation in the Caucasus under strong joint control, to extinguish conflicts, and to overcome their consequences as quickly as possible. In our view, this can only be done on the path of strengthening federalism. It is the development of federal principles that makes it possible to strengthen the stability and integrity of our states and to ensure that people have the right to decide their own destiny. Russia itself is consistently building federal statehood and will firmly follow this path. I called on the leaders of the Federation components of the North Caucasus and adjoining regions to take part in our meeting today. Their presence here is a kind of participation [soprichastnost] in Russia's foreign policy. I am convinced that this is in our joint interests.

3. Russia recognizes and respects the independence and state sovereignty of Azerbaijan, Armenia, and Georgia. And we will actively develop cooperation with each Transcaucasian state.

4. The road to prosperity for our peoples lies through the development and deepening of cooperation, through integration. I proceed on the basis of the joint experience of economic, political, and cultural ties that have been built up over centuries, and the shared culture and history of Russia and the other Caucasian states. Integration processes in the CIS have recently started gathering strength. But we must not rush into

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

integration. It is now moving at different speeds. And there is nothing worrying about that. The main thing in this area is a voluntary attitude. Integration may take place not only at different levels but in different areas. Some people are ready for integration in certain spheres, while others are ready in other spheres. The main thing is that Russia and the Transcaucasian states have every reason and opportunity to work together, taking account of their mutual interests.

5. The Caucasus is an important element in strengthening the all-European security system. And that means strengthening the Organization for Security and Cooperation in Europe too. Russia is in favor of the Caucasus being open to the world and becoming an organic part of the world community.

"The Caucasus has become one of the hottest spots in the world.... It means pain and suffering, and people being killed," Boris Yeltsin said in his speech, stressing that through joint efforts it has been possible to establish [ustanovit as published, presumably misprint for "ostanovit" — stop] the guns in the Transcaucasus. The Russian president welcomed the Azerbaijani and Armenian presidents' resolve to conclude a broad political agreement on Nagorno-Karabakh, and also assessed on its merits the signing of the "Memorandum on Measures To Safeguard Security and Strengthen Mutual Trust Between the Parties in the Georgia-Ossetia Conflict." Boris Yeltsin voiced the hope that the Abkhaz problem will soon be resolved in the same way. "Russia," Boris Yeltsin said, "intends to continue to carry out its peacekeeping functions and to actively promote the normalization of the situation in the entire Transcaucasus."

Boris Yeltsin also touched on the problem of the Chechen crisis. He noted that the agreement signed by the federal authorities and the leaders of the armed formations has paved the way to a full settlement of the conflict. "We will unswervingly observe the agreement that has been signed," the head of state stressed.

The refugee problem did not go unheeded. According to the president, Russia remembers and is concerned about its fellow-countrymen living in the Transcaucasus, and is not forgetting about the Transcaucasian diaspora in Russia. "Our human and political duty demands that we do everything to help the refugees get back to their homes," the Russian president noted. "To do this we need to normalize the situation in the Caucasus as a whole."

Commenting for ROSSIYSKIYE VESTI on the meeting, North Ossetian President Akhsarbek Galazov noted that it was possible thanks to Boris Yeltsin's efforts and his trip to Chechnya. "This meeting," he stressed, "could mark the start of the stabilization of the situation in southern Russia, and will help to solve the difficult problems of resolving Osset-Ingush relations, Nagorno-Karabakh, South Ossetia, Abkhazia, and Chechnya."

Akhsarbek Galazov noted that many politicians are trying in their election campaigns to pin responsibility for the Chechnya conflict on the Russian Federation leadership. "But if we look consistently at what Boris Yeltsin has done to settle relations with the Chechen Republic," the head of North Ossetia said, "it is quite clear that the Russian president is trying to solve the Chechnya conflict peacefully."

The results of the pan-Caucasus meeting were also highly assessed by the military. Thus, in conversation with ROSSIYSKIYE VESTI journalists, Colonel General Anatoliy Kvashnin, commander of the North Caucasus Military District, stressed that the military had long been waiting for these talks and can now see that peace has really arrived. In the opinion of observers, the pan-Caucasus meeting is a development of the initiatives undertaken by Russian President B. Yeltsin, and shows that Russia is making a full-fledged return to the Caucasus.

The first-ever meeting on such a scale in the history of the Caucasus was possible, in the opinion of all those present, thanks to the initiative and persistence of the Russian president. Noting the importance of the event, Armenian President Levon Ter-Petrosyan said that the meeting went beyond the framework of regional politics and the immediate political situation. The meeting participants expressed an interest in continuing the peace-loving trends in Russian policy in the Caucasus, linking it to the initiatives of current President Boris Yeltsin — initiatives which have saved the Caucasus from disaster. Those present called on Russians and their fellow-countrymen to support Boris Yeltsin in the 16 June election.

Russia: Kislovodsk Talks Reviewed; Yeltsin Tone Finds Favor

MM0406095996 Moscow KOMSOMOLSKAYA PRAVDA in Russian 4 Jun 96 p 2

[Report by Aleksandr Gamov and Aleksandr Yevtushenko: "Caucasian Accent for Russian President. 'Big Four' Met in Kislovodsk Yesterday"]

[FBIS Translated Text] Kislovodsk — A Chayka escorted by a black Volga and several police vehicles swept impressively down the avenues of Kislovodsk's Ordzhonikidze Sanatorium with a quiet whoosh of tires. "What kind of guests were these?" we asked, and immediately tried to identify their territorial origins from the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

license plates. The plates proved strange, namely 1996 BN. The vehicles came to a halt and we asked the driver directly about it.

"We are from North Ossetia. The Chayka belongs to President A. Galazov. Can the license plates really be unclear: 'Boris Nikolayevich, 1996.'"

This is the second time during his election campaign that Boris Yeltsin has traveled to Stavropol Kray. In April he was brought here by what were purely Russian problems: Then he met with residents of Budennovsk. This time the Russian head of state went straight to Kislovodsk to speak face to face and — this was particularly emphasized — on an equal footing with his counterparts from Azerbaijan, Armenia, and Georgia. With one objective: the elaboration and signing of a joint declaration "For Interethnic Accord, Peace, and Economic and Cultural Cooperation in the Caucasus." According to Press Secretary Sergey Medvedev, the discussion of the declaration was productive and changes were made to the draft in line with the current situation.

"The stability and integrity of our states can only be strengthened and our peoples' right to decide their destiny ensured by strengthening federalism," the Russian president believes. "The main thing is that Russia and the states of the Transcaucasus have every reason and opportunity to act together, with consideration for their mutual interests. The Caucasus is an important element in the strengthening of the all-European security system. And thus in the strengthening of the OSCE [Organization for Security and Cooperation in Europe]. Russia is in favor of contacts being open to the world and forming an organic part of the world community."

The Russian leadership's latest moves to settle the Chechen crisis were also made known at the "big Caucasian meeting." As Boris Yeltsin told the gathering, a draft treaty on the demarcation of powers between the Russian Federation's federal organs of power and Chechen Republic organs of power has currently been put forward for discussion. "Better for there to be battles in the legal field than on the fields of war," Boris Nikolayevich said.

Yesterday during the meeting of the "Big Four" a declaration "For Interethnic Accord, Peace, and Economic and Cultural Cooperation in the Caucasus" was signed. Its main idea is this: "We state our firm determination to do our utmost to promote the establishment of lasting peace and stability in the Caucasus and broaden and strengthen the traditional relations of friendship and cooperation between our peoples.... The Caucasus is our common home. It is our duty to make it peaceful and prosperous, a place where people who take pride in their republic and who look with confidence to the future can live." The declaration was signed by Geydar Aliyev, Levon Ter-Petrosyan, Eduard Shevardnadze, and Boris Yeltsin.

Throughout the day a patently Caucasian accent prevailed if not in the Russian president's intonation then in what he said, which proved very much to the liking of all participants in the Kislovodsk meeting.

After the meeting Boris Yeltsin told journalists that he was pleased with the results of the work of the "Caucasian Four." What is more, speaking about the prospects for the resolution of the Chechen crisis, he stressed: "A firm stance is needed in order to secure peace in the current difficult situation. We have already seen that a soft stance does not bring results."

As the Russian president said, the next meeting of the "Four," the date of which has not been set, will be devoted to transport problems. "Virtually all the Caucasian republics are enveloped by transport problems," the Russian leader remarked. "Railroads and roads are not working and air travel is prone to holdups. We must unravel this knot come what may."

Russia: Yeltsin Welcomes Geneva Forum on CIS Refugees

MM0306110696 Moscow ROSSIYSKIYE VESTI in Russian 31 May 96 p 1

[Unattributed report: "Problem of CIS Refugees Discussed in Geneva"]

[FBIS Translated Text] Yesterday the Russian president sent a greetings message to participants in an international conference in Geneva dealing with the problems of refugees in the CIS countries. Noting the symbolic nature of the fact that this conference has actually been convened, Boris Yeltsin stressed: "It shows that the international community shares the CIS countries' desire to resolve together the most acute problems of migration in the post-Soviet area and demonstrates their firm resolve to back the requisite measures here to ease the aftermath of the mass movement of population and prevent a future population exodus."

Russia: Primakov Arrives Berlin 3 Jun

LD0306155296 Moscow ITAR-TASS World Service in Russian 1510 GMT 3 Jun 96

[by ITAR-TASS correspondents Aleksey Korniyenko and Aleksandr Mineyev]

[FBIS Translated Text] Berlin, 3 June — Russian Foreign Minister Yevgeniy Primakov arrived in the German capital today. He is to attend a session of the North Atlantic Cooperation Council, scheduled

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

for tomorrow, which will discuss the development of military and political relations between the NATO countries, the former Warsaw Pact states, and the CIS republics.

The schedule for the Berlin visit by the head of Russian diplomacy provides, in particular, for him to attend a meeting of the "Contact Group" on the former Yugoslavia and a meeting with the NATO Council in accordance with the "16-1" formula.

Russia: Interparliamentary Committee of 'Union of Four' Eyed

MM0306140996 Moscow TRUD in Russian 1 Jun 96 p 1

[Report by Olga Solomonova: "Mechanism for 'Union of Four.' Agreement on Creating Interparliamentary Committee of Belarus, Kazakhstan, Kyrgyzstan, and Russia Signed in Bishkek"]

[FBIS Translated Text] Bishkek — The talk about integration between the CIS countries has been under way more or less zealously for over a year. But 1996 has obviously been a crucial year. A closer union emerged in the CIS area when four states concluded a treaty on deepening economic and cultural ties. This "union of four" has opened up a new phase of integration. The pendulum has swung in the other direction, and whereas previously the process of sovereignization and national isolation might have been considered objective, today the desire for unification among the former Union republics, now independent states, is probably no less objective. As Yegor Stroyev, chairman of the Interparliamentary Assembly and of the upper house of the Russian parliament, said, it is politicians' task to help this desire to be realized.

The mechanism likely to do this will be the Interparliamentary Committee formed by the four states' parliaments — it is a joint legislative organ in which all parties have equal rights. Essentially, it is a supranational parliament of the "union of four" — Belarus, Kazakhstan, Kyrgyzstan, and the Russian Federation — agreement on which was signed in Bishkek 28 May.

It is quite clear that a common legislative base — without which the economic union will not work and cooperation in the sphere of culture, science, education, and so forth will remain just good intentions — is needed for joint work and to develop relations. The creation of a legal basis will be handled by the committee, whose elected chairman is Almambet Matubraimov, speaker of the upper house of the Kyrgyz parliament.

What is the advantage of the union? Citizens of these countries can already travel without visas, borders are open, customs barriers have been removed, and customs duty has been abolished. This means that over the vast territory of the "four," as Kyrgyz President Askar Akayev put it, trade will revive and a free common market will emerge, which should lead to a common economic revival.

A start has been made, but major painstaking work will have to be done to create the legislative base for integration processes and a favorable investment climate.

What is the attitude of the other CIS parliaments to the "union of four"? Is anyone planning to join? Petru Lucinschi, head of the Moldovan parliament, voiced at a press conference what was seemingly not only his opinion: "We want to see what they will make of it."

There is probably a bit of jealousy about the closer relationship of the "four" among the other members of the Interparliamentary Assembly. On this score Yegor Stroyev optimistically noted: "If there is jealousy, that means there is interest; and if there is interest, then tomorrow there will be a desire to work together...."

The economic difficulties that are largely shared by the states of the former Soviet empire are pushing politicians into looking for allies. These are the first experimental steps — the "union of four" and then the still closer union between two states that was concluded in April by Belarus and Russia.

So far it is hard to say what will come of it. If we work on the basis that joint efforts and mutually advantageous cooperation will lead to economic growth in these countries, then citizens' living standards will increase. In the future, of course — but that future has to be prepared today.

Russia: Aide Denies 'Clouds' Mar Russo-Israeli Relations

MM0306154796 Moscow ROSSIYSKAYA GAZETA in Russian 1 Jun 96 p 3

["Rejoinder" by Aleksey Kravtsov: "Who Brought In the 'Cloud' and Why?"]

[FBIS Translated Text] People at the Israeli Foreign Ministry prefer to describe the tension that has arisen between the two countries of late as a cloud that has appeared in the clear firmament of Israeli-Russian relations. A high-ranking member of the Israeli Foreign Ministry flew to Moscow this week to dispel the "cloud," allegedly with a view to settling the disagreement over questions of Russian property in Jerusalem.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

This was reported by Radio Liberty and the Voice of Israel.

"There was indeed a cloud in relations, but it has nothing to do with the 'pro-Arab' line in our foreign policy for which some people are reproaching us," a Russian Federation Foreign Ministry leader told your ROSSIYSKAYA GAZETA observer. "On the contrary, we are trying to ensure that our relations with all states in this region are even. It is more likely due to the Israeli mass media campaign accusing us of this in an unfounded and indiscriminate manner. We flatly reject these accusations. But there is no crisis in our relations with Israel and the clouds which are appearing are the result of unscrupulous interpretations of Russian foreign policy, primarily in the Israeli press."

But it turned out that the "cloud" by no means has "vague" but quite definite outlines. The Israeli press reported that last December a member of Israeli intelligence, Mossad, working under "cover" of the Israeli Embassy in Moscow, was caught red-handed in Moscow handling secret documents. Accommodating the Israeli Government, the Russian mass media did not report this. But there is every indication that it did not prove possible to hide it from Israeli journalists, and interested forces decided to impart a definite thrust to this incident and exploit it in the election campaign. Certain Israeli mass media launched a campaign accusing Russia of intensifying anti-Semitic sentiments and of a pro-Arab line in its foreign policy.

As for Russian property in Jerusalem, it turns out that there do not seem to be any particular disagreements over this. Your ROSSIYSKAYA GAZETA observer was told by Aleksandr Tokovinin, head of the Near East and North Africa Department's Israel Desk, that during talks an Israeli Foreign Ministry spokesman said that the country's leadership has officially decided to reregister in Russia's name the former USSR's property in Israel. It only remained to agree certain formalities. We are talking about a plot of land in downtown Jerusalem and the buildings of the Russian spiritual mission and the Church of the Trinity, which belong to the Russian Church and which are, incidentally, still used by the Moscow Patriarchate.

Russia: Report on Joint Ventures With Foreign Firms in DPRK

SK0406021796 Moscow Voice of Russia World Service in Korean 1200 GMT 3 Jun 96

[FBIS Translated Text] North Korean economists believe that prospects of joint ventures with foreign business companies in the DPRK are bright.

In an interview with ITAR TASS, an expert at the External Economic Committee of the DPRK said that all conditions are ready for the foreign business companies to make joint ventures in the DPRK.

He said that low taxes, state-run property that guarantees any insolvency, and well-educated skilled labor in the DPRK have become favorable conditions for investment. Nevertheless, he said, no sufficient foreign capital has been introduced into the DPRK. He noted that problems of marketing finished products and supplying fuel and raw materials may have become obstacles to realizing bright joint-venture businesses.

As of today, approximately 130 joint-venture enterprises are engaging in businesses in the DPRK.

Russia: Zhirinovskiy Sends Wife to North Korea, Promises Aid

LD0406100696 Moscow ITAR-TASS in English 0924 GMT 4 Jun 96

[By Ivan Zakharchenko]

[FBIS Transcribed Text] PYONGYANG, June 4 (Itar-Tass) — The wife of the leader of the Liberal-Democratic Party of Russia Vladimir Zhirinovskiy, Galina Lebedeva, who is leading a delegation from her husband's party on a visit to North Korea, met Secretary of the Central Committee of the Korean Workers' Party Hwan Jang-ob on Monday, June 3, to ask him to convey greetings and a present from Vladimir Zhirinovskiy to North Korean leader Kim Jong-il.

According to the newspaper RODONG SHINMUN, Galina Lebedeva told Hwan Jang-ob that Zhirinovskiy supports the ideas of Juche and the theory and makes efforts to promote the development of relations of friendship with the Democratic People's Republic of Korea.

The newspaper also quotes the LDPR leader's wife as saying that "all successes in Korea have been achieved thanks to the wise leadership of comrade Kim Jong-il."

Vladimir Zhirinovskiy himself visited North Korea in October 1994.

In Moscow, the leader of the press service of the LDPR parliamentary group, retired Major-General Viktor Filatov, told Itar-Tass that the delegation led by Galina Lebedeva was in North Korea "on a humane mission."

He said he did not rule out that the party would organise humanitarian aid to North Korea which is experiencing difficulties with supplies of food to the population after last year's devastating floods.

"Although we have no money, we possess considerable authority and can, thanks to it, organise a shipment of mutton from Australia to North Korea," the LDPR spokesman said.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Political Issues

Russia: Yeltsin Returns to Moscow From Caucasus Summit

LD0306182996 Moscow ITAR-TASS World Service in Russian 1757 GMT 3 Jun 96

[By ITAR-TASS special correspondent Andrey Shtorkh]

[FBIS Translated Text] Moscow, 3 Jun (Itar-Tass) — This evening Russian President Boris Yeltsin returned to Moscow from Kislovodsk, where he took part in today's meeting of the heads of state of Russia, Azerbaijan, Armenia, and Georgia.

In Kislovodsk Boris Yeltsin, Geydar Aliyev, Levon Ter-Petrosyan, and Eduard Shevardnadze signed the final declaration "For interethnic accord and economic and cultural cooperation in the Caucasus."

After the talks between the four presidents there was a "Big Caucasus" meeting, in which, besides the heads of state, heads of the republics and regions of the Russian part of the North Caucasus took part.

The participants in the meeting adopted a statement in which they approved the nomination of Boris Yeltsin for the Russian presidency for a second term.

Russia: Yeltsin Congratulates New Governor of St. Petersburg

LD0306185396 Moscow ITAR-TASS in English 1844 GMT 3 Jun 96

[FBIS Transcribed Text] St. Petersburg, June 3 (Itar-Tass) — Vladimir Yakovlev, a newly-elected St. Petersburg governor, and Russian President Boris Yeltsin had a telephone conversation on Monday, the governor's press service told Itar-Tass.

During their brief conversation, Yeltsin, who is currently in Kislovodsk, Northern Caucasus, congratulated Yakovlev on the successful completion of his election campaign.

"The interlocutors have agreed that most important things for the present are the civil peace, concord, a joint work for the benefit of the city and Russia as a whole," the press service said.

On the same day, the new governor had a 20-minute telephone conversation with Moscow Mayor Yuriy Luzhkov, according to the press service.

Luzhkov congratulated Yakovlev on a successful completion of the election marathon. The sides also discussed the problems of interaction between the two cities.

Yakovlev who had been first deputy mayor of St. Petersburg before the polls, on Sunday was elected St. Petersburg governor, the new head of the executive power in the second largest city in Russia.

According to preliminary data of the city electoral commission, he collected 47.5 percent of votes in the runoff elections held in St. Petersburg last Sunday. He outstripped his rival Anatoliy Sobchak, the former city mayor since 1991, by almost two percent: Sobchak won 45.8 percent of the electorate.

Russia: Yeltsin Decree Approves Regional Policy Guidelines

LD0406102696 Moscow ITAR-TASS World Service in Russian 0010 GMT 4 Jun 96

[FBIS Translated Text] Moscow, 4 Jun (ITAR-TASS) — President Boris Yeltsin decreed approval of the Basic Guidelines for Regional Policy in the Russian Federation, the head of state's press service has reported.

The president recommended that federal and regional government agencies use the Basic Guidelines for Regional Policy in the Russian Federation to meet objectives for the social and economic development of the Russian Federation, to boost the effectiveness of economic reforms and to ensure the prosperity of the population, and for developing federalism and local self-government.

Russia: Reports on Fedorov's Arrest, Premier, Election, Chechnya

MK0406073696 Moscow ZAVTRA in Russian No. 22 May 96 (signed to press 28 May 1996) p 1

[Unattributed "field reports by the 'Den' security service" under the "Scoreboard" rubric"]

[FBIS Translated Text] — Details concerning the arrest of Sports Fund President Fedorov are beginning to seep in. A Korzhakovite and Tarpishchev's partner, Fedorov ran an organization that made up to $2 billion a year from duty-free alcohol imports (which amounted to legalized smuggling) and was arrested for possessing a package containing drugs. Two days later he was released. During this time, however, the Korzhakov group replaced the leadership of the Sports Fund, appointing its officer as a cover. This attack on the fund did not come out of the blue. The "Moscow Group" had reportedly carefully planned the operation for "tripping up" the Korzhakovites, but could not organize the seizure of the compromising document to the full extent....

— The Luzhkovites have suffered a provisional defeat in their campaign for edging Chernomyrdin out of

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the post of prime minister. The plan for ousting him by using the opposition as a cat's-paw has come to nothing. Yavlinskiy's initiative fizzled out. B.N. [Boris Nikolayevich], who promised to promote Luzhkov to the role of his successor, has forgotten about that on the eve of the big game on Chechnya. Luzhkov's trump card in Moscow, where he promised to deliver Yeltsin 80 percent of the vote, no longer mesmerizes B.N....

— The party of power has gone to unprecedented lengths to guarantee the desired outcome for the election. The joint training of the chairmen of the polling stations' electoral commissions and representatives of public associations in support for Yeltsin has begun throughout Russia. The students learn to bring psychological pressure to bear on representatives of the people's and patriotic forces and, most importantly, to be ready to deem election results at their respective polling stations to be invalid should the outcome of the vote run counter to the authorities' interests. The "public" observers have already begun pulling in considerable rewards from government authorities through front organizations....

— According to field reports, B.N. announced his intention to go to Chechnya after documents were laid on his desk confirming the readiness of some separatist leaders to clinch an oil deal with the current authorities. It has transpired that authorized representatives of "Gazprom" were sent to Chechnya in mid-April to hold negotiations with the rebels. The agreement was based on proposals for Yandarbiyev, Maskhadov, and Basayev to accept a portion of shares in oil and gas facilities not only in Chechnya, but also in Russia. Moreover, the heads of a number of teyps [clans] were offered the right to exact tribute for the passage of every tonne of oil through the new Transcaspian pipeline. The Chernomyrdin group carried out this maneuver exclusively in order to ease pressure on its leader. Yandarbiyev and his entourage think that a breakthrough at the Kremlin will enable them to make contact with the international community so that Chechnya could subsequently secede from Russia. Meanwhile, reports are coming in about a super secret document drawn up by B.N., where the crux of his contacts with the Chechens boils down to the signing of "the Document on Peace" so as to use it in the struggle for the first round....

— Foreign sources have reported that Chernomyrdin managed to contact the Turkish authorities through the PRG and his German connections so as to request the Turkish secret services to exert pressure on Basayev and the most die-hard field commanders now and again in order to prevent the Korzhakovites and the Luzhkovites from ousting him, Chernomyrdin, from the post of prime minister. His American friends, such as Gore, turned out to be too busy at the moment with elections in Israel, where the American man is at the end of his rope and might well lose out.

Russia: Government To Ensure Stable Financing of Conversion

LD0406085396 Moscow ITAR-TASS in English 0811 GMT 4 Jun 96

[By Oleg Velichko]

[FBIS Transcribed Text] TYUMEN June 4 (Itar-Tass) — The Russian government will take the necessary measures to ensure stable financing of the endorsed federal programme of conversion. Russian First Deputy Prime Minister Oleg Soskovets, on a working visit in Tyumen, said this in an interview to Russian news agencies on Tuesday.

The Cabinet of Minister instructed a number of ministries to design mechanisms for the protection of Russian producers by benefits to consumers purchasing Russian-made equipment and to create a system for marketing uses of requirements of enterprises of the fuel-and-energy complex.

Pricing, the need for the reform of taxation, the alteration of a rigid financial policy regarding the oil-and-gas complex, state protectionism, are among the problems of the oil-and-gas complex noted by chiefs of leading oil companies.

Soskovets said that one of the reasons limiting the growth of production is the dwindling of the solvent domestic demand which leads to the growth of non-payments. This problem is being partially resolved by increasing the share of exports and rerouting exports from ex-USSR countries to more remote foreign countries.

Soskovets believes that an important feature of the oil-and-gas area is a strong dependence of its financial position on export and the exchange rate. The share of the branch's export of oil to foreign countries is 30-32 per cent, of gas more than 20 per cent. The share of receipts from the exports of products made up 55-60 per cent.

It is estimated that the losses of exporters from the devaluation of the dollar make up 1-1.5 per cent of the gross domestic product per quarter. Enterprises of the oil-and-gas complex are interested in export as they are in need of funds which it is ever more difficult to receive in the domestic market.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Military & Nuclear Issues

Russia: Defense Minister Grachev's Position Examined

LD0306185596 Moscow NTV in Russian 1700 GMT 2 Jun 96

[From the "Itogi" newscast presented by Yevgeniy Kiselev]

[FBIS Translated Text] The shooting is likely to continue in Chechnya for a long time to come. It would be simply naive to expect that the conflict, which has been going on for 18 months already, will end in one day or within one week, let's say. But it is not only the separatists and field commanders who need to tackle the question of how soon peace will come to Chechnya — the Russian military also need to. There is nothing, apparently, preventing the subordinates of Army General Pavel Grachev from carrying out the president's cease-fire order. However, [Defense] Minister Grachev himself maintains a different point of view in which, first, he finds a reason for the foot-dragging over fulfilling the orders of the supreme commander in chief. Speaking at an expanded sitting of the Defense Ministry Collegium in Moscow this week Grachev, addressing the president directly, declared that the press was to blame for everything.

[Begin Grachev recording, addressing collegium] The main thing that is worrying our generals and officers is protecting the Army from the attacks by some representatives of the mass media and to declare their attacks on the Army anti-state actions, incurring the appropriate consequences for these persons. We need nothing more, Boris Nikolayevich. For the rest, we shall carry out the tasks, we shall fulfil all your orders, you need have no doubt about that. [end recording]

Over the last month, Boris Yeltsin's press service has reported... Er, I beg your pardon... Recently, Boris Yeltsin's press service has reported a meeting between Boris Yeltsin and only one colonel-general. This was State Duma deputy Boris Gromov, the last commander of Soviet troops in Afghanistan, a genuinely influential and authoritative general. Gromov has been tipped as a possible candidate for the post of defense minister. However, Gen. Gromov preferred not to respond to attacks from his former subordinate in Afghanistan. The attacks went as follows.

[Begin Grachev recording, addressing collegium] One of our colonel-generals, a former colonel-general, comes along to be received by Boris Nikolayevich. Well, he allowed himself to be dragged along there, allegedly something to do with the election campaign. He spoke in the election campaign, all very well and good; the colonel-general promised to get Boris Nikolayevich an extra 3,000,000 votes, though it's incomprehensible from where he was going to get them.

Well, if I may go on to the second question. The second question is about military reform in the Army. Since nothing is done in the army, starting from the minister and ending with the last commander, military reform should be like this. And he [Gromov] goes on to describe this military reform. This reform, it turns out, and the prospects which we can expect, was drawn up by the main headquarters long ago. Then he comes up with a third phrase: Esteemed Boris Nikolayevich! Given that the army is falling apart and the leadership is incapable of anything, after lengthy reflection I have made my decision and am ready to head the Defense Ministry. [Laughter in audience] What do you think of that, then? Just how low can you get? [end recording]

In a memorable interview with Russian Public Television at the end of last year a general, a different general, Aleksandr Korzhakov, said that nobody was better at reporting on his own successes than Gen. Grachev. The present defense minister really is unsinkable. Despite the rumors stubbornly doing the rounds in Moscow about Grachev's resignation, an order dismissing him is said to be on the president's desk, and even though newspapers are publishing lists of possible successors, the minister is managing to hold on to his post using methods like those you have just seen. For this, Pavel Sergeyevich is demonstrating the qualities not only of a fighting general but also of a career diplomat, able when necessary to cast off the responsibility for mistakes committed and accuse his former comrades of all possible sins. Just the way he railed against his former comrade, as you have just seen.

One should point out that Gen. Grachev permits himself liberties which are deemed improper in the army. In an interview published in the latest edition of OGONEK, Grachev declares: Before you is the minister of 1996. His team has been formed through all links of command, starting from the regiment. All these are my proteges. Everyone who could not work with me has left.

Note the vocabulary! Grachev says he has strong backing from the directors of defense enterprises. And finally, in his OGONEK interview, Grachev effectively threatens the president and supreme commander in chief. I quote: Usually the president takes well-considered decisions. He himself understands that if he gives me up, he will not gain anything from it himself. Again, note the use of the words give up. I mean not just in the elections but in general, Grachev's vocabulary really is striking. The minister permits himself to use words which to any officer look simply unworthy

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

— excuse me, simply indecent — and which, furthermore, arouse a feeling of alarm, especially just before the 16 June elections. I don't know whether the minister will have to explain to the president exactly what he had in mind but it is clear that, in any event, the final decision on whether Grachev will continue to be the defense minister, or whether he will be replaced by some other general, is up to the president who, in the last days running up to the election is acting very energetically and decisively.

Russia: 'Gullible' Gromov Seen Misused by Yeltsin, Grachev

MM0306153096 Moscow SOVETSKAYA ROSSIYA in Russian 1 Jun 96 p 2

[Article by Aleksandr Soldatov: "Honor Is Out of Favor"]

[FBIS Translated Text] You do not have to prove that the man fighting for reelection as president has no concept of honor. But his latest move might shock even his most loyal comrades-in-arms.

During a meeting with general and flag officers 29 May in Moscow [Defense Minister] Pavel Grachev said that a certain colonel general without honor is preparing trouble for him. This officer allegedly spoke to Yeltsin, set out his view of the course of military reform, and put forward his concept and at the same time himself for the post of defense minister. The president reported the contents of the confidential conversation to Grachev, and the latter naturally opened Yeltsin's eyes to the true nature of the colonel general, who according to the minister has stolen the ideas of the impending reforms within the General Staff. Pavel Sergeyevich claimed that the indignant president flew into a rage at his earlier interlocutor and expressed himself in pretty strong language — you know the kind.

It is an open secret who this colonel general is because recently the entire press informed us of a meeting between B. Yeltsin and B. Gromov. So, let us consider the situation.

The president summons a very high-ranking officer and discusses with him Army affairs in addition to electoral matters and the finer points of self-promotion in the election campaign. After all, quite recently he, the supreme commander in chief and president of all Russia, voiced his unhappiness with the course of the reforms under way in the Armed Forces, so it is quite natural that Yeltsin should be interested in the colonel general's opinion of the life of the troops and the ways of best reforming the long-suffering Russian Army.

Trusting in the sincerity of the Kremlin incumbent and leader, the naively honest colonel general honestly tells him the whole grim truth, and probably voices his view of those same reforms, of which he as a top-ranking officer knows more than enough. The president nods his head in agreement, eyes glinting in anger, and very likely promises to investigate everything and impose order. He may also quite possibly provoke his interlocutor into a question about whether he would agree to take charge of the military department and military organizational development and, flattered at the president's trust, the colonel general nods his assent. There is no intrigue in that. If you are bold enough to mention problems, you must always be prepared to be the first to resolve them. The president shakes the hand of the trusted officer, blesses him in his future work, and sends him off to carry out more campaigning on his behalf. Whereupon they part.

Then most likely at their next evening get-together Boris Yeltsin laughingly relays the contents of his conversation with this colonel general to Pavel Grachev. And then everything happens as our "very best minister" informed the world at large: an exchange of opinions alternating with obscene language and probably general laughter at the naive Russian officer who was flattered by the great trust placed in him....

Yet some people describe such a man as a guarantor. A guarantor of what? Intrigue and duplicity? Abuse of trust? Needless to say, you can casually dismiss the Kremlin intrigues of those who are alien to the people. But let the admirers of the "guarantor" ponder what he will really be able to guarantee them in the event of victory. Ponder and lament.

I do, however, feel sorry for the gullible hero-officer whom the authorities are bossing about for by no means the first time.

Russia: Kokoshin on New Armaments Program, Funding Requirements

MM0306145696 Moscow KRASNAYA ZVEZDA in Russian 31 May 96 pp 1, 3

["Own information" report: "Ministry of Defense Has Clear-Cut Policy on Equipping the Army"]

[FBIS Translated Text] On 30 May, at the All-Russia Conference of Defense Industry Workers, First Deputy Defense Minister Andrey Kokoshin said in his speech that the Ministry of Defense, together with the Ministry of the Defense Industry and the Ministry of the Economy, have prepared what is, in terms of the last few years, already the second long-term Armaments Program Through the Year 2005, which is currently being examined by the Russian Government. The Ministry

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of Defense and the General Staff have clearly defined their armaments and military equipment requirements and have formulated priority tasks and programs which are linked in terms of the scheduling of and resources needed for their execution. The fundamentals of the Defense Ministry's military-technical policy have been ratified by the president and the Security Council. Practically all the executing agencies are familiar with these positions. So any claims that the Ministry of Defense has no clear-cut policy on equipping the Armed Forces are groundless.

State decisions at the highest level are now required for determining the economic parameters of this program. Expenditure on research and development and the purchase of weapons and military hardware must be increased within the framework of a general increase in defense expenditure.

The Ministry of Defense is making supreme efforts to obtain resources to guarantee the defense order. This task requires daily attention. Although at the moment it is proving possible to secure more than in other areas of defense sector funding (civilian programs, conversion, and so on), there are still not enough resources. Andrey Kokoshin complained that no system of civilized lobbying for the defense sector as a whole, rather than just individual enterprises and regions, has yet taken shape.

Particular attention must be paid to all possible development of what are known as critical dual technologies ensuring the creation of the scientific and technical groundwork for equipping the Armed Forces in the future. Both budget and extrabudgetary funds must be used in the optimal way.

Andrey Kokoshin then drew attention to the need to fully take into account and carry out the provisions contained in the Russian Federation President's Message to the Federal Assembly regarding the industrial policy of Russia's own military-industrial complex. The message also stresses that it is vitally important to preserve the scientific and technical base of the Russian military-industrial complex, ensure increased production of the latest models of weapons, and develop the export potential.

The implementation of these provisions requires enormous efforts on the part of all those who value the interests of defense capability and national security. A high degree of coordination is needed in the work of the Ministry of the Defense Industry, the Ministry of Defense, the Ministry of the Economy, and other departments in the functioning of Russia's new export control system, which is designed to play an important role in protecting the interests of domestic producers.

Touching on questions of international military-technical cooperation, the first deputy defense minister noted that it plays an extremely important role not only in the country's economy but also in ensuring the military-political component of Russia's national security. Finalized with the active participation, and in many respects on the initiative, of the Ministry of Defense, the clear-cut state policy on international military-technical cooperation is aimed at the formation in the world of balances of forces which are advantageous to Russia, and moreover which involve the resources of other countries which have a vital interest in this. These balances of forces must minimize the possibility of the outbreak of war and armed conflicts, first and foremost those which threaten our country's security directly or indirectly.

The Ministry of Defense, together with the Ministry of the Defense Industry and the Federal Security Service, are taking the most active measures to establish a state procedure in questions of the collaboration of domestic weapons manufacturers and developers with their foreign partners. Representatives of the military department participated actively in shaping Russia's new export control system designed to play an important role in protecting the interests of domestic producers, A. Kokoshin noted. Not everyone is happy with this, but these are essential measures.

Russia: Kokoshin Defends Ministry's Arms Order Effort

MM0406112596 Moscow KRASNAYA ZVEZDA in Russian 1 Jun 96 p 1

["Own information" report: "The Ministry of Defense Is Making Every Effort To Ensure That the State Order Continues To Be Attractive to Enterprises"]

[FBIS Translated Text] On 29, 30, and 31 May Andrey Kokoshin, Russian Federation first deputy minister of defense, held a series of meetings with the leaders of the country's leading defense enterprises who were participating in the All-Russia Conference of Defense Industry Workers. Both current and long-term questions of the development of the defense industry complex and of the technical equipment of the Armed Forces were discussed.

It was pointed out during the meetings that the signing of the edict "On Priority Measures of Support for Enterprises in the Russian Federation's Defense Complex" had already influenced the Finance Ministry's determination of ceilings for payment of the state defense order for May. They had been increased in such a way as to ensure the edict's fulfillment in the sphere of clearing the state's debts to enterprises.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

At the same time the Defense Ministry's actual receipt of funds from the Finance Ministry is lagging behind the approved schedule — which fact is perceived very painfully by defense enterprises. The situation in terms of obtaining "live" money remains particularly acute.

Andrey Kokoshin pointed out that the Defense Ministry spends every day, from morning until late in the evening, tackling questions of financial provision both for the troops and for the enterprises fulfilling the defense order. These questions have to be resolved in an acute competitive struggle for the state's budget resources. The first deputy defense minister told the defense enterprise leaders that proposals had once again been sent to the government for a substantial amendment to the system of funding defense needs in the spheres of enhancing state discipline and ensuring stability in obtaining funds and making advance payments for production facilities. At the same time the Defense Ministry insists that payment for credit provided for defense needs be made not out of the defense budget, thereby reducing it, but out of money servicing the state's internal debt.

During the meetings with the defense enterprise leaders Andrey Kokoshin also drew attention to the fact that a number of Russian organizations have achieved significant successes in creating the latest standardized computer equipment for the control of weapons and troops. Colonel General Anatoliy Sitnov, chief of armament in the Russian Federation Armed Forces, pointed out that the joint program drawn up two years ago by the Defense Ministry, the Federal Government Communications and Information Agency, and other departments by concentrating resources in priority areas had produced results. It was now necessary to ensure the introduction of these achievements, which could be used in equipping practically all branches of the Armed Forces. This equipment was demonstrated to Security Council Secretary Oleg Lobov and Defense Minister Army General Pavel Grachev at a special exhibition 30 May this year.

During the meetings with the top Defense Ministry leadership many enterprise leaders asked for the state defense order to be increased or for the order to be issued to them in cases where there is none for 1996. Despite problems with funding, competition for the state defense order has increased still further. This is because payments relating to the defense order remain among the most reliable across the country, even though these payments are frequently made very belatedly.

It was also pointed out that the radical restructuring of the defense industry is proving very protracted, more efficient technological chains are taking a long time to establish, defense enterprises still have large overheads, and the costly social sphere is retained. In this plane great hopes are pinned on the Ministry of the Defense Industry, which is being created on the basis of the Russian Federation State Committee for the Defense Sectors of Industry and which, together with the Defense Ministry, has a huge work front.

Russia: Defense Ministry Allocates Tax Relief To Pay Debts

LD3105224796 Moscow ITAR-TASS World Service in Russian 0918 GMT 31 May 96

[By ITAR-TASS correspondent Oleg Velichko]

[FBIS Translated Text] Moscow, 31 May (Itar-Tass) — The Russian Federation Defense Ministry, in consultation with the government, has allocated 1.2 trillion rubles in the form of tax relief to write off the military department's debts to power-engineering enterprises. This was stated by Oleg Soskovets, first deputy prime minister of the Russian Federation, at a hook-up today.

In the first quarter of 1996 alone, the Russian Defense Ministry's actual debt grew by 5.8 trillion rubles and almost doubled quarterly payments.

Russia: Major Battleships Scheduled To Enter Service by Year End

MM0406083896 Moscow Russian Public Television First Channel Network in Russian 0800 GMT 2 Jun 96

[From the "Military Courier" program: Report over video on "Three Hundred Years of the Russian Navy" conference held by the Main Staff of the Russian Navy and the Russian Government's state maritime center; figures in brackets denote broadcast time in GMT in hours, minutes, and seconds]

[FBIS Translated Excerpt] [080505-080528 conference scene-setting passage omitted]

[080529] [Unidentified correspondent over video of Russian Navy Commander-in-Chief Feliks Gromov addressing conference] The Navy is currently living through times which are no less difficult than the period of its inception. Several former major shipyards are now located outside Russia. The number of ships has decreased considerably. The strategic nuclear forces of the Navy are in a difficult position. The pace of the construction of new ships and naval aircraft has decreased noticeably.

The Navy needs new warships. But warships cost money, a lot of money. In conditions of — to put it mildly — minimal funding, the Defense Ministry and

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the Navy Command are forced to complete ships laid down earlier rather than building new ones. Recently the central nuclear installations on the heavy nuclear missile cruiser Petr Velikiy were successfully tested. The cruiser is scheduled to enter operational service by the end of the year. As is the large anti-submarine warfare ship Admiral Chabanenko. [080622] [video shows Gromov addressing conference; moored warships; general shipyard footage, partial views of missile cruiser Petr Velikiy; rear view of large ASW ship Admiral Chabanenko at sea]

[080622-081133 — passage omitted — brief interviews with Gromov and fleet commanders Yerofeyev, Yegorov, Kravchenko and Kuroyedov]

Russia: Procedure for Nuclear Export-Import Controls Approved

MM0406093196 Moscow ROSSIYSKAYA GAZETA in Russian 23 May 96 p 3

[Russian Federation Government Decree No. 574 "On Approving the Statute on the Procedure Governing the Export and Import of Nuclear Materials, Equipment, Special Nonnuclear Materials, and Corresponding Technologies," signed by Russian Federation Government Chairman Viktor Chernomyrdin in Moscow on 8 May 1996 — from the 'Documents' section]

[FBIS Translated Text] In accordance with the Federal law "On the Use of Atomic Energy," the Russian Federation Government decrees that:

1. The appended "Statute on the Procedure Governing the Export and Import of Nuclear Materials, Equipment, Special Nonnuclear Materials, and Corresponding Technologies" (Footnote) (Published in ROSSIYSKAYA GAZETA's Business in Russia supplement 18 May) is approved.

The aforementioned Statute be enacted as of 19 May 1996.

2. The Russian Federal Service for Currency and Export Control, the Russian Federation Ministry for Atomic Energy, the Russian Federation Ministry of Foreign Economic Relations, the Russian Federation Foreign Ministry, and the Russian Federation State Customs Committee must ensure the organization of control over the export and import of nuclear materials, equipment, special nonnuclear materials, and corresponding technologies.

3. The following decrees be deemed inoperative as of 19 May 1996:

Russian Federation Government Decree No. 1005 "On the Procedure Governing the Export and Import of Nuclear Materials, Technology, Equipment, and Installations, Special Nonnuclear Materials, and Radioactive Sources of Ionizing Radiation and Isotope Production," dated 21 December;

Russian Federation Government Decree No. 1136 "On Making Changes and Additions to the Statute on the Procedure Governing the Export and Import of Nuclear of Nuclear Materials, Technology, Equipment, and Installations, Special Nonnuclear materials, and Radioactive Sources of Ionizing Radiation and Isotope Production," dated 6 October 1994 (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII No. 25, 1994, p 2706);

Russian Federation Government Decree No. 288 "On Making Changes and Additions to the Statute on the Procedure Governing the Export and Import of Nuclear Materials, Technology, Equipment, and Installations, Special Nonnuclear materials, and Radioactive Sources of Ionizing Radiation and Isotope Production," dated 22 March 1995 (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII No. 13, 1995, p 1148);

4. The Russian Foreign Ministry is to send International Atomic Energy Agency Director General Hans Blix a note confirming the Russian Party's agreement to the changes made to the Guiding Principles of Nuclear Exports at the session of the Group of Nuclear Suppliers in Helsinki 5-7 April 1995.

[signed] Viktor Chernomyrdin, chairman of the Russian Federation Government

[dated] 8 May 1996, Moscow

Federal Assembly

Russia: Duma Schedules Hearings on Military Reforms

LD0306172196 Moscow INTERFAX in English 1704 GMT 3 Jun 96

[FBIS Transcribed Text] MOSCOW, June 3 (Interfax) - A schedule of closed parliamentary hearings on military reform in Russia was approved Monday, Duma Defense Committee chairman Lev Rokhlin, Our Home Is Russia, told Interfax. He said that this decision was made at an expanded meeting of the Duma's Defense and Security committees and the Federation Council's Security and Defense Committee.

Rokhlin said that closed parliamentary hearings will proceed in three stages on July 1-18.

The first one will address the building of Russia's armed forces in the period of military reform.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

The second stage will cover the supplies of military hardware and increasing the potential of defense industries.

The final stage will culminate in advice to the president on the short- and long-term (until the year 2005) periods. Advice will also be worked out for the two houses of the Federal Assembly on the legal framework for military reform.

In particular, the State Duma Council will consider a bill under which a permanent Military Council reporting to the president would be set up.

Under the bill, the council would make decisions in the field of the country' defense and security. The council would include the prime minister and his first deputy, the secretary of the Russian Security Council, the president's chief of staff, foreign, defense, interior and defense industry ministers, the head of the General Staff, the directors of the Federal Security Service, the Foreign Intelligence Service and the Federal Border Guards Service, the inspector general-Military Council secretary and council secretaries as well as the president.

The Military Council would, under the bill, submit proposals to the president about the appointments and dismissal of ministers and heads of agencies having to do with defense.

Russia: Federation Council Replies to Admirals' Plea for Navy

MK3005140096 Moscow NEZAVISIMAYA GAZETA (NEZAVISIMOYE VOYENNOYE OBOZRENIYE Supplement No. 10) in Russian 30 May 96 p 1

[Unattributed "NVO" report under the "In Brief" rubric: "Russia"]

[FBIS Translated Text] NEZAVISIMAYA GAZETA of 1 March 1996 published an appeal by 12 Russian Navy admirals to Federation Council Chairman Yegor Stroyev. The message expressed extreme anxiety about the country's navy. On 30 April, the authors of the appeal received a reply signed by Yevgeniy Anikin, head of the Federation Council apparatus in charge of security and defense matters. It says: "The letter of the naval veteran admirals about the state of the Navy and measures to maintain its combat readiness has been attentively studied in the Federation Council committee for question of security and defense.

The committee has made the following decisions:

1. To address a letter from the Federal Assembly's Federation Council chairman to the Russian Federation president on the state of crisis in the Navy and the ways to resolve the Navy's problems.

2. To hold parliamentary hearings during September-October 1996 on the Navy with a similar agenda jointly with the State Duma.

3. To discuss problems of the Navy at the sessions of the Federal Assembly houses with an objective to pass a package of draft laws on lifting out of crisis the Navy and industrial enterprises working in its interests and on raising the Navy's combat readiness."

Russia: State Duma To Discuss Revival of Cossack Organizations

LD0306082196 Moscow ITAR-TASS in English 0557 GMT 3 Jun 96

[By Igor Zhukov]

[FBIS Transcribed Text] MOSCOW June 3 (Itar-Tass) — In State Duma on Monday, the Committee on Geopolitics, together for a number of other committees of the Lower House of the Russian parliament is to hold a meeting on the subject "the revival of Cossack organisations in Russia".

The purpose of the meeting will be to analyse the present state of the Cossack organisations and their role in the life of Russian society, to scrutinise the current legislation on the revival of the Cossack organisations system and to look for juridical ways to accomplish the tasks of developing it still further.

The meeting is to be attended by representatives of the Presidential administration of Russia, the Main Cossacks Department to the Head of State, the Security Council of the Russian Federation, the Ministry for Ethnic Affairs, the Interior Ministry, the General Staff of the Armed Forces and the Federal Border Service of Russia.

Participants in the meeting are expected to work out a concept of further development of Cossack organisations in southern regions of the Russian Federation.

Regional Affairs

Russia: Moscow Reports Cease-Fire Violations in Chechnya to OSCE

LD0306183496 Moscow ITAR-TASS in English 1824 GMT 3 Jun 96

[By Aleksandr Kharchenko]

[FBIS Transcribed Text] GROZNYY, June 3 (Itar-Tass) — Russian officials informed Tim Guldimann, the head of the mission of the Organisation for Security and Cooperation in Europe (OSCE) in Chechnya, about violations of the May 27 ceasefire agreement by Chechen separatists.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

They expressed "special concern about a considerable increase in the number of acts of sabotage resulting in the loss of life after June 1 when the agreements became effective," said a press release issued on Monday after a meeting between Guldimann and Chuvash President Nikolay Fedorov, who was in the Chechen capital Groznyy as a representative of the Council of Europe's commission for Chechnya, Vladimir Strashko, the Russian president's deputy envoy to Chechnya, and Nikolay Fedorov, the Russian government's deputy envoy to Chechnya.

They said that Moscow considers such acts of sabotage, which require thorough preparation, as actions aimed at wrecking the Moscow agreements, the press release said.

They also told Guldimann that Chechen separatist leaders cannot ensure ceasefire and stressed the need to expand the circle of negotiators.

Guldimann pledged to make the Russian officials' recommendations known to Chechen separatist leaders.

Russia: Moscow Begins Talks With Chechen Separatists in Nazran

LD0406101596 Moscow ITAR-TASS World Service in Russian 0945 GMT 4 Jun 96

[By ITAR-TASS correspondent Ruslan Maysigov]

[FBIS Translated Text] Nazran, 4 Jun (Itar-Tass) — Talks between the delegation of the federal center and the Chechen separatists began at 1330 Moscow Time in the parliament building of the Republic of Ingushetia.

The main thrust of the talks is to stop the fighting in Chechnya and to tackle the issue of a speedy release of those detained by force on the "all for all" principle.

Russia: Tikhomirov: Russian-Chechen Talks Must Be Held in Chechnya

LD0306162496 Moscow Radio Rossii Network in Russian 1000 GMT 3 Jun 96

[FBIS Translated Excerpt] The number of shootings at federal forces in Chechnya fell sharply during the last 24 hours, General [Vyacheslav] Tikhomirov, commander of the Joint Group of Federal Forces, told our correspondent.

[Begin Tikhomirov recording] One can probably say that the other side has taken certain measures to cut the number of shootings. Although we have to do a lot and must work hard, of course. [end recording]

Nevertheless, yesterday six Russian soldiers were killed. Only two explosive devices were enough for this. A total of five people perished yesterday when an armored personnel carrier was blown up in Groznyy. Later one more explosion occurred. [passage omitted]

Meanwhile, it is not yet clear whether the second round of talks will start tomorrow. A source at the State Commission for a Settlement in Chechnya told our correspondent that Moscow had sent the opposition leadership its proposals on holding the meeting in Nazran tomorrow. But the commission has not received a reply so far. Khozh-Akhmed Yarikhanov, an adviser to [Zelimkhan] Yandarbiyev, told ITAR-TASS that a meeting of heads of the opposition will be held today and they are due to make decisions on tomorrow's meeting and an exchange of POW's. Here is what General Tikhomirov told our correspondent about the progress of the talks.

[Begin Tikhomirov recording] I, as a member of the delegation, do not greatly favor the attempt to meet in Dagestan or in Ingushetia. Why do I hold this position? Because this event concerns the Chechen Republic and we most likely must meet in exactly the Chechen Republic. But we must not create trouble in one republic, then in another republic, which today also lack stability, unity, and law and order. So I have voiced my disagreement to the commission chairman. Now it must be considered in the general context of all measures. As for the contacts and working meetings that are being held, I think that the first meeting will enable us to determine our stands precisely and clearly, and the main thing, to fulfill all the measures in order to make the agreement that has already been signed a genuine and effective one. I think we must deeply take into consideration the errors of 1995 when we chattered away while the situation developed and by this we disrupted all peaceful talks. So our stand will be tougher and more concrete. So for peace's sake, we are ready for everything, but not idle chat. [end recording] [passage omitted]

Russia: Federal Troop Withdrawal From Chechnya Suspended

LD0306134996 Moscow ITAR-TASS World Service in Russian 1328 GMT 3 Jun 96

[By ITAR-TASS correspondent Sergey Ostanin]

[FBIS Translated Text] Moscow, 3 Jun (Itar-Tass) — The withdrawal of federal troops from Chechnya that are not part of the troops of the North Caucasus military district has been suspended in view of "an unstable situation in the republic and the lack of contacts between the working groups on implementing the agreements that have been signed in the Kremlin," Lieutenant General Andrey Ivanov, a spokesman for the General Staff of the Russian Armed Forces, told correspondents

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

today. The briefing took place in the Russian president's situation analysis center.

Russia: Air Force Denies Raids on Chechen Villages 3 Jun

LD0406072296 Moscow INTERFAX in English 0715 GMT 4 Jun 96

[FBIS Transcribed Text] MOSCOW, June 4 (Interfax) — A spokesman for the Russian air force command has denied reports of air attacks on Chechen villages in the Nozhay-Yurt and Vedeno regions during the night of June 3.

"Neither during the day nor during the night did Russian planes fly over Chechen territory," he said.

Meanwhile, a spokesman for the general staff of the Chechen armed forces said that the federal air forces began to bomb southern Chechen villages at about 10:00 p.m., Moscow time, and continued the attack for 20 minutes.

No information about losses is available from the general staff.

Russia: Defense Ministry Has 'No Information' on Chechnya Air Raid

LD0406061296 Moscow INTERFAX in English 0601 GMT 4 Jun 96

[FBIS Transcribed Text] SOUTH CHECHNYA, June 4 (Interfax) — A spokesman for Chechen separatists told the press Monday an air attack was made on a number of communities in Nozhay-Yurt and Vedeno regions, South Chechnya, Monday evening. He said the air raid began at about 10 p.m. Moscow time and lasted for 20 minutes. He did not know anything of human losses.

Meanwhile, an officer on duty at the information department of the Russian Defense Ministry said he had no information about the air raid.

Russia: Chechen Gunmen on Assassination Mission Detained in Groznyy

LD0306163796 Moscow INTERFAX in English 1607 GMT 3 Jun 96

[FBIS Transcribed Text] GROZNYY, June 3 (Interfax) — Chechen law enforcement agencies and the Russian Interior Ministry's interim department detained a reconnaissance and sabotage unit including five militants under Chechen field commander Shamil Basayev in the Chechen capital of Groznyy on Monday, a representative of the Chechen Interior Ministry told Interfax.

Basayev had ordered the "terrorists" to "annihilate the entourage of (Moscow-backed Head of the Chechen Republic) Doku Zavgayev and Zavgayev himself," the same source said.

The militants admitted that they were attached to Basayev's unit. They said Basayev had sent several reconnaissance and sabotage groups from the Chechen settlement of Vedeno to the capital of Groznyy in order to launch attacks and provocations against the Moscow-backed Chechen leadership and federal troops.

Basayev has four Grad multiple rocket launchers and several pieces of heavy armored military hardware, the militants also said.

Russia: Sobchak To Create 'Democratic Opposition' in St. Petersburg

LD0306170796 Moscow INTERFAX in English 1535 GMT 3 Jun 96

[FBIS Transcribed Text] St. Petersburg, June 3 (Interfax) — Anatoliy Sobchak, who lost the mayor's race in St. Petersburg last Sunday, has no intention of leaving the political scene.

"I am going to create a powerful democratic opposition in the city in the form of two political structures, Democratic Choice of Russia and Our Home Is Russia," Sobchak told a news conference in St. Petersburg referring to the two major reform-oriented Russian political parties. He said he would do "everything in my power to unite democratic forces for reforms and the prosperity of citizens."

Sobchak said there were no chances he would work in the new St. Petersburg administration under his successful rival, Vladimir Yakovlev.

Sobchak blamed his defeat in the St. Petersburg mayor's race on "massive, professional defamation by [my] rival's election team."

"My defeat worries me in the first place from the standpoint of the June 16 election. I shall do everything I can to support Boris Yeltsin," Sobchak said.

"If the presidential election follows the pattern of the St. Petersburg governor's election, I have serious worries about Russia's future. The people of St. Petersburg after a short while will be able to feel they made a mistake," Sobchak said. Starting from this election the mayor of St. Petersburg will be referred to as a governor.

In the run-off Yakovlev beat Sobchak by 26,000 votes.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Economic Issues

Russia: Nonpayments Grow as Defaulters Wait for Election Results

MK0406081596 Moscow SEGODNYA in Russian 1 Jun 96 p 2

[Report by Elmar Murtazayev: "After the Election, the State Machinery Will Be Hard on Defaulters, Most of Whom Are Now Machine-Building and Defense Industry Enterprises"]

[FBIS Translated Text] Mstislav Afanasyev, first deputy head of the Working Center of Economic Reforms at the Russian Federation government and the executive secretary of the commission on nonpayments, said in an interview with SEGODNYA that the growth of nonpayments in the Russian economy continues. In April, nonpayments to the federal budget rose by 21.8 percent and, therefore, amounted to 58.9 trillion rubles. In addition to a "quite predictable" growth of arrears in anticipation of the upcoming election, arrears of wages at private enterprises have also grown in April. At the same time, the state itself has virtually settled all of its debts that earlier accounted for about 19 percent of the entire arrears in wages (about 3 billion rubles).

So-called classic nonpayments; i.e., those for enterprise deliveries, were also observed to rise from traditional 3 percent of GDP to 4.8 percent. As for the entire overdue credit indebtedness of enterprises, in April it amounted to 14.1 percent of GDP, which, over the past 18 months, is a record high figure. This notwithstanding, the government estimates that the total number of enterprises that fail to pay wages is presently about 48,000; i.e., less than 2 percent of all the registered legal bodies in Russia. Despite this "not very jubilant news," however, the expert noted a trend towards a rise in the industrial production index over the past several months, calling it "the first signs of economic growth."

Mr. Afanasyev believes that the nonpayments growth trend has more than one cause. The primary — "the most fundamental and decisive" — factor is that of the forthcoming presidential election. The behavior of the government, enterprise directors, and bankers is being determined now by the anticipation of the presidential election results. A high degree of political and economic risk, as well as a decline in the trust that the market components have towards one another, leads both to the rise in debts to the budget and to the growth of nonpayments for deliveries.

The second cause — which is, according to the expert, a direct consequence of the first one — is a "rational behavior" of directors, who have become aware of the inability, or possibly unwillingness, of the authorities to improve the performance of the state apparatus. In Mr. Afanasyev's opinion, the actions of the government (such as the edicts on the restructuring of enterprise debts) have given rise to "generally well-justified expectations on the part of the directors" that no one will touch them before the final election results are known, as well as later. "If Gennadiy Zyuganov comes to power, the time for quite a different economy will come, where the nonpayment issue will be buried by other, much more significant problems," the expert believes. "If, however, Boris Yeltsin wins, the directors hope that the authorities will forgive enterprises their debts." Mr. Afanasyev said, however, that these expectations are only partially justified, since the issue of nonpayments is a burning problem and the state machinery is sure to set up a solution with all its might.

This is partly evidenced by the changes in the nonpayments structure, showing — despite the general growth in nonpayments — that the share of debt to the budget tended to decrease in the past two months. Mr. Afanasyev himself is attributing this process to the hardening of the position of the tax bodies with respect to major defaulters.

The changes in the sectoral structure of nonpayments also show quite interesting trends. Whereas earlier the main defaulters were found mainly in raw material sectors — such as oil, gas production, and metallurgy — now enterprises of the energy, defense industry and machine-building sectors come to the foreground. It can be supposed that nonpayments are currently suggestive of the political and economic preferences of the Russian directors' corps. The financial (in the form of duly paid taxes) support of the authorities is now becoming for the heads of enterprises a question not only of economic, but also of political significance. The only exception could be the energy enterprises, which were undermined by governmental decrees that banned them from discontinuing power supplies to so-called strategic facilities.

Russia: Central Bank Announces Convertibility of Ruble

LD0106111696 Moscow ITAR-TASS in English 1108 GMT 1 Jun 96

[FBIS Transcribed Text] MOSCOW, June 1 (Itar-Tass) — Russia undertakes, on June 1, 1996, to join Article 8 of the International Monetary Fund charter on convertibility of its national currency, the press service of the Central Bank of Russia announced today.

The decision to join Article 8 makes the Russian rouble convertible in all current operations.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Further measures of the Russian state to regulate the national tender will apply only to operations relating to capital turnover.

The Russian Government and the Central Bank have introduced changes into the currency regulation system, making it exempt from restrictions on currency operations with current accounts and remittances.

Such restrictions have been abolished by now, except for measures which limit convertability of rouble balances on current accounts of non-residents and correspondent accounts of non-resident banks. The last restrictions are to be abolished by Jule 1, 1996.

Russia: Banks Continue To Fall By the Wayside

MM0306114696

[FBIS Report] Moscow IZVESTIYA in Russian on 29 May 1996 carries in its "Ekspertiza" section on page 10 two unattributed reports. The first 200-word report, headlined "Court Proceedings Regarding the Liquidation of Commercial Banks," lists the following commercial banks as having gone into liquidation: "O.S.T., Kalita, Bonus-bank, Nominal, AIR-bank, and Lach."

The second 150-word report headlined "Ten Commercial Banks Have Licenses Withdrawn" lists banks whose licenses have been withdrawn as of 24 May 1996 as follows:

"Ladabank (Tolyatti, Registration No. 920, 23 November 1990);
"Tovnarbank (Moscow, Registration No. 187, 19 October 1989);
"Vostochnyy (Moscow, Registration No. 2439, 27 July 1993);
"Vostokinvestbank (Vladivostok, Registration No. 86, 26 April 1989);
"Yedinstvo (Moscow, Registration No. 56, 2 February 1989);
"Samarskiy Gubernskiy Bank (Samara, Registration No. 1711, 29 December 1991);
"Samaraavtotransbank (Samara, Registration No. 294, 23 May 1990);
"Pervyy Russkiy Nezavisimyy Bank (Moscow, Registration No. 1864, 25 May 1992);
"Samara-Bank (Samara, Registration No. 201, 15 November 1989);
"Urozhay (Naberezhnyye Chelny, Registration No. 1122, 7 December 1990)."

Russia: Agrarians Claim Russian Poultry Farming Near Collapse

MK0406105496 Moscow SEGODNYA in Russian 4 Jun 96 p 2

[Report by Leonid Mikhaylov: "The Agrarian Opposition Is Forecasting the Death of Domestic Poultry Farming. Mikhail Lapshin Has Accused the Government of Being in Collusion With U.S. Poultry Farmers"]

[FBIS Translated Text] Leaders of the agrarian opposition have decided to remind the state authorities about the disastrous situation in domestic poultry farming. In a letter addressed to the president and the prime minister, Mikhail Lapshin, head of the Agrarian Party; Vasiliy Starodubtsev, chairman of the Agrarian Union; Nikolay Kharitonov, head of the Duma group of agrarian deputies; and Fedor Praksin, chairman of the Board of Directors of the "Rosptitseprom" [Russian poultry farming] joint-stock company, stated that industrial poultry production, "which as recently as four years ago was quite competitive with that in the West and played a leading role in the provision of the population with foodstuffs, is presently on the verge of extinction." This is the second message of this kind in the past month. The poultry population has diminished by 45 percent, and there is no forage for the remaining flock. Mixed fodder is lacking, the reserves of grain fodder have been nearly exhausted, and the decline in production of poultry meat and broilers has fallen by 58 and 47 percent, respectively. In the opinion of the authors of this letter, this has been caused by "uncontrolled market conditions," under which poultry farms have become fully dependent on the producers of fodder, electric power, and other resources. The authors, however, did not deny that the "poultry" market, to a certain extent, is being controlled by the state. In an interview with INTERFAX, Mr. Lapshin gave his version of the situation, suggesting that the government, by having resumed the import of chicken legs from the United States, decided to exterminate domestic poultry farming completely. If Mr. Lapshin's version is true to reality, it should be admitted that the agrarians have written to the wrong address.

Meanwhile, the arguments of the agrarians need some explanatory comments. The industrial base of domestic poultry farming was created in the early 1970's. Since then no technological progress has been made and development has followed an extensive course. The state monopoly on foreign trade provided reliable protection for producers from "undesired" competition. This notwithstanding, Soviet consumers could not boast that domestic poultry farming played a leading role in their food supply. The liberalization of foreign trade has pro-

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

vided better access to foodstuffs for the people, but at the same time it revealed the disproportionately high cost of domestic food production. The wish of leaders of the agrarian sector to channel consumers' money for the development of domestic production is quite understandable. There are great doubts, however, as to the fact that consumers' funds would be used to upgrade technologies and to reduce production costs. As for a return to empty counters and the rationing system, this is highly realistic.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

International Affairs

Ukraine: Shmarov: Russia, U.S. Fully Stand by Trilateral Declaration

LD0406093796 Moscow INTERFAX in English 0857 GMT 4 Jun 96

[FBIS Transcribed Text] KIEV, June 4 (Interfax-Ukraine) — Washington and Moscow have fully carried out their commitments under the tripartite declaration of the USA, Ukraine and Russia on the nuclear disarmament of Ukraine, Ukrainian Defense Minister Valeriy Shmarov told Interfax-Ukraine.

In keeping with the January 1994 declaration of the three presidents Russia delivers fuel for Ukrainian nuclear power stations in exchange for nuclear warheads and guarantees the security of Ukraine together with the U.S. Ukraine promised to remove nuclear weapons from its territory which was done by June 1 this year.

Speaking of the withdrawal schedule Shmarov said Ukraine kept "the string tight to emphasize the need for the strict observation of commitments."

"For this reason the last train crossed the border at midnight May 31," the minister said.

Ukraine: Shmarov, Perry Visit Former Missile Base, Sign Agreement

LD0406090196 Kiev UNIAN in Ukrainian 0815 GMT 4 Jun 96

[FBIS Translated Text] Nikolayev region — The Ukrainian and Russian defense ministers and the U.S. defense secretary arrived on 4 June at the former missile silo in Pervomaysk, which they jointly destroyed earlier this year. The site is now being rebuilt for peaceful use.

At the former missile base, U.S. Defense Secretary William Perry and Ukrainian Minister of Defense Valeriy Shmarov signed an agreement in addition to the existing Nunn-Lugar program of U.S. aid for Ukraine's disarmament. Under the agreement, Ukraine will receive additional $29.7 million for clean-up operations at destroyed silos and other related projects, such as missile dismantling. Another $13.4 million will be provided for the destruction of nuclear infrastructure, including such projects as the destruction of a nuclear arms depot in Pervomaysk. The additional agreement brings the total amount of aid under the Nunn-Lugar program to $396 million.

Today, the Russian, Ukrainian, and U.S. defense ministers will visit the nuclear arms depot, which is soon to be destroyed. They will also visit a new residential area recently built with the help of U.S. aid to house the retired officers of the Ukrainian strategic forces.

Ukraine: Commentator Views NATO Expansion Issues

AU0406110296 Kiev HOLOS UKRAYINY in Ukrainian 30 May 96 p 4

[Commentary by Valentyna Pysanska: "Nobody Rushes To Say: 'Welcome to NATO'" — first paragraph published in a box]

[FBIS Translated Text] ITAR-TASS carries a report citing a "source close to NATO": Almost a dozen central and eastern European countries have submitted proposals to the headquarters of the North Atlantic Alliance. This is a foundation for NATO's dialogue on an individual basis with those states that want to join the Alliance.

As is known, at the decision of the December session of the North Atlantic Council, this dialogue will continue for a year: The NATO headquarters will consider documents submitted by applicants in which the latter express their own views on expanding the Alliance and raise questions that require clarification. After that discussions and an exchange of opinions will start between representatives of NATO and those countries.

However, this year, the question of admitting new members to NATO is not even on the agenda of the North Atlantic Alliance's session, which will take place at the level of foreign ministers in Berlin at the end of June. Not even because it has enough other problems to tackle. Rather the contrary: Precisely this question is now topical, because the NATO leaders must announce their position regarding expansion as soon as in December. Next year, they must send invitations to those central and e astern European countries that will constitute the first group of candidates.

This pause is well-considered rather than accidental. On the one hand, it is precisely NATO that must reform its structures, carry out changes in legislation and in the armed forces and, on the other hand, candidate countries must prepare for the event carefully and look into all possible variants.

As is known, Poland, Hungary, and the Czech Republic are the most likely candidates for joining NATO, and experts set the years 1998 or 1999 for their actual admission.

It is true, though, that at one of the news conferences, Hungary's ambassador to Ukraine Mr. Lorand Toth pointed out that even though Hungary is considered to be a candidate with the best chances of being admitted to the Alliance, nobody has yet told it that it is welcome there.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

There is truth here, because before the cherished door to the Alliance opens, the candidate countries, especially Hungary and Poland, which seek admission to NATO as equal members, including membership of the Alliance's military organization, must work really hard: To achieve military interaction, it is necessary to improve the radar, communications, and air defense systems to Western standards.

The post-socialist countries of Europe regard joining NATO and the European Union as an indispensable condition for building a modern democratic society. This was, in particular, repeatedly stated in interviews for journalists by Czech President Vaclav Havel, who believes that talks on his republic's admission to these institutions are being excessively delayed. The president even believes that the West's indecisiveness regarding NATO's eastward expansion threatens a recurrence of the 1938 Munich conspiracy. At any rate, the present European policy smacks of Munich.

It is of interest that the president openly stated in this connection: The Czech Republic is ready to take upon itself all those obligations that NATO membership involves, even deployment of nuclear weapons on its territory, something that other leaders are trying not to stress.

Meanwhile, the Czech Republic's neighbor — Slovakia — which also considers admission to the Alliance as one of its priority tasks, seems to be tortured by doubts: The governmental newspaper SLOVENSKA REPUBLIKA believes that, after joining NATO, the country may fall under domination of a single superpower. The newspaper makes a reference to the same argument as Vaclav Havel: In 1938, during the period of the first Slovak Republic, the country swore allegiance to Hitler's Germany and was later severely punished for that. It also recalls the year 1968, when tanks arrived from the USSR....

Incidentally, this is already not the first time that the press of the candidate countries raises the question: Do the interests of the sides coincide that much?

Ukraine, however, having nonaligned status, is not an impartial observer at these discussions, because it wants, no less than immediate participants, to know what the security architecture in Europe is going to be and what its role will be in building that system and in maintaining stability on the continent. It has found variants for its own contribution to these European chores: Establishment of close cooperation with all the institutions — the Western European Union, the OSCE [Organization for Security and Cooperation in Europe], and NATO within the framework of the "Partnership for Peace" Program. This made John Goulden, British ambassador to the Western European Union, who paid an official visit to Kiev last week, admit that "Ukraine's position is becoming increasingly understood and respected in the West," and also promise that when "NATO develops and admits new members, this will not mean the emergence of new borders in Europe."

Whatever the case, Ukraine's position on these issues remains invariable and consistent: All problems must be solved, as far as possible, through cooperation and in conformity with our own national interests.

Ukraine: Peace Shield-96 Exercises Open in Lvov Region

LD0306122696 Kiev UNIAN in Ukrainian 0900 GMT 3 Jun 96

[FBIS Translated Text] Lvov Region — The opening ceremony of the "Peace Shield-96" multinational exercises was held on the Pre-Carpathian military district's Yavorov training ground today. The UNIAN news agency learned at the Defense Ministry's press service that defense ministers from eight countries took part in the ceremony, including Ukrainian Defense Valeriy Shmarov, Pentagon Chief William Perry, and Russian Defense Minister Pavel Grachev. The exercises are being held within NATO's Partnership for Peace program. The exercises are aimed at praticising the organization and implementation of operations by military contingents of peacekeeping forces in conflict zones.

The maneuvers will involve a total of 1,300 servicemen, in particular 895 from Ukraine, 115 from the United States, 43 from Russia, 41 from Poland, and 35 from Bulgaria. Forty-five armored personnel carriers and 100 other vehicles of various types will be used during the exercises.

Great Britain, Germany, the Netherlands, Denmark, Canada, France, Greece, Turkey, Norway, and Belarus sent their observers to the exercises.

Ukraine: Greenpeace Holds Conference in Kiev on Nuclear Issues

WS0306122596 Kiev UKRINFORM in English 0730 GMT 3 Jun 96

[From the "Current Events" feature]

[FBIS Transcribed Text] A Green Peace international mission to as many as a dozen of European nations, Turkey, and the USA visited Ukraine to gather first-hand information about the Chernobyl nuclear accident's aftermath, UKRINFORM's correspondent in Kiev reported. Speaking at a closing conference in the Ukrainian capital, the Green Peace mission members said they had been stunned at learning the man-made

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

disaster's real dimensions, largely underrated by the world community. The mission's tour was said to have been brimful of meetings with statesmen and politicians, government officers and nuclear experts. The tour also involved visits to those nuclear power plants which are considered to be hazardous or unreliable. As it was noted at the press conference the West has no full and accurate information about the Chernobyl problem so it remains largely unaware of its real dimensions, which make the Western greater aid to Ukraine a must. Volodymyr Usatenko, chief consultant with the Verkhovna Rada Committee for Chernobyl problems, who accompanied the Green Peace mission to the Chernobyl nuclear power plant, warned, however, that in absence of any well-substantiated feasibility study to appraise the plant's technical reliability or nuclear safety standards, it would be unreasonable to ask for the Western greater financial aid.

Mr. Usatenko also warned against using the Chernobyl problem by some Ukrainian politicians to capitalize on it politically. The press conference heard a unanimously negative appraisal of the National Account about the Chernobyl nuclear accident which the Ukrainian official delegation submitted to the Vienna Conference. The speakers also criticized the way the Ukrainian government has been spending the 12-percent sum from the National Wage Fund, which is meant for the so-called Chernobyl Fund. As Mr. Usatenko said, it remains nuclear what for and in what manner the money has been spent by the Chernobyl Ministry and its local bodies. The Green Peace delegation voiced their decisiveness to press for the Chernobyl nuclear power plant's shutdown and to oppose commissioning of any nuclear reactors at the plant as too risky since the 1991 fire at the nuclear power plant's second power generating unit. Besides, if ever such plans happened to materialize, the damage would be too great for Ukraine in terms of its political prestige in the global community's eyes. The warning was articulated by Oleksiy Kabyka, a member of the "Green Peace-Ukraine" society. Ukraine's future will only be that of a nuclear-free nation, Mr. Kabyka added.

Ukraine: Foreign Minister Leaves for Berlin; Stops Over in Poland

LD0306164596 Kiev Radio Ukraine World Service in Ukrainian 1500 GMT 3 Jun 96

[FBIS Translated Text] A Ukrainian delegation led by Minister of Foreign Affairs Hennadiy Udovenko, has left for Berlin to attend a meeting of North Atlantic Cooperation Council foreign ministers. The meeting is due to review the council's present and future activities and the implementation of the Partnership for Peace Program, with regard to the impact on strengthening regional and European stability and security. The foreign minister will speak in a joint presentation on the North Atlantic Cooperation Council's contribution to regional stability, security, and cooperation.

On his way to Berlin, Udovenko made a brief stopover in Warsaw, where he held talks with [Stefan] Meller, Polish under secretary of state for foreign affairs. They discussed bilateral relations, the Ukrainian Ministry of Foreign Affairs Press Center reports.

Ukraine: Controvery With Germany Over Return of Deportees Viewed

WS0306145996 Kiev KIYEVSKIYE VEDOMOSTI in Russian 30 May 96 p 4

[Report by Hlib Horodnychenko: "Helmut Kohl's Visit to Kiev: Has It Been Postponed?"]

[FBIS Translated Text] **FRG Chancellor Helmut Kohl was expected in Ukraine this spring. As has become known, the German guest's visit has been postponed... until September. What stands behind this step which is unusual, or even extraordinary for the careful German diplomacy?**

One may assume that Bonn is temporizing, while monitoring the election campaign in Russia and the constitutional process in Ukraine, in order not to hold talks and conclude agreements during the unsteady period "between governments."

Henrykh Hrout, chairman of the Community of German Ukrainians "Wiedergeburt" ("Rebirth"), believes that a possible reason for postponing Helmut Kohl's visit to Ukraine is more prosaic. Having returned from Bonn, where he recently paid a visit at the invitation of the German Government, Henrykh Hrout has shared his opinion on the current situation.

While talking with Horst Waffenschmidt, parliamentary state secretary and the federal government's plenipotentiary for affairs of German resettlers from the east, official representatives of Ukraine — Anatoliy Tolstoukhov, deputy minister of the Cabinet of Ministers, and Henrykh Hrout — were surprised to learn that the FRG Embassy in Ukraine had informed its Foreign Ministry that official Kiev... does not welcome holding the First Congress of German Ukrainians which is slated for this September. However, Anatoliy Tolstoukhov arrived in Bonn to discuss details of this event with the German side....

Bonn also let the Ukrainian guests understand that it "does not understand" the current situation with the program for returning to Ukraine over 400,000

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Germans who were deported in 1941-1946, which has been virtually disrupted. Moreover, Germany will soon "evacuate" the sufferers who were among the first 2,000 resettlers, and who spent their fourth winter in temporary shelters.

In the opinion of Henrykh Hrout, Germany, which holds the lead in terms of the volume of investments in the Ukrainian economy, "has the right to count on Ukraine unconditionally meeting its commitments. Failure to observe previous agreements makes it unlikely that new ones will be signed."

The Ukrainian Foreign Ministry has a different opinion on the reason behind the postponement of the visit: there is no talk about delay. Anatoliy Ponomarenko, chief of the West European Countries Department of the Ukrainian Foreign Ministry, has told KIYEVSKIYE VEDOMOSTI that a precise date of the visit has not yet been defined by either side. An interdepartmental delegation of the Ukrainian Government led by Deputy Prime Ministers Shpek and Kuras yesterday departed for Bonn, and will work with the German side on a number of preliminary agreements on certain joint investment projects, reconstruction of a German cemetery in a Kiev suburb, etc. Also addressed will be the issue of returning to Ukraine Germans deported from it to Middle Asia and Siberia. The issue of holding the First Congress of German Ukrainians is not on the agenda for the delegation's work. As Anatoliy Ponomarenko says, "this is an internal affair of Ukraine...."

Economic Issues

Ukraine: National Bank Policy Document Viewed

WS3105133696 Kiev ZERKALO NEDELI in Russian 25 May 96 p 7

[Article by UNIAR correspondent Svitlana Ryaboshapka: "The Credit and Money Policy and Economics"]

[FBIS Translated Text] *Ukrainian National Bank [NBU] Chairman Viktor Yushchenko has presented to the Supreme Council the "Basics of the NBU Credit and Money Policy for 1996." Everything would be fine if it was not for this question: Why would one "roll out" this document for a parliamentary discussion and why now? After all, the "Basics..." was put together based on the same indicators that the Supreme Council confirmed by adopting the national budget. Therefore, any changes could only be introduced in the "Basics..." after significantly changing the budget's main figures. You can discuss them, but it is better just to take them into consideration unless you once again want to put the issue on the "leadership carpet" in an attempt to collectively sputter rambling diatribes against your own legislative decisions. By determining the deficit level, the Law on the 1996 Budget thus also determined indicators of credit and money policy. In this case, the NBU can only act as an executor of the legislature's historic blueprint.*

However, everyone knows how most of the deputies react to the words "executive" and "power" standing alongside. It is no coincidence that the NBU chairman showed up in parliament together with the prime minister, who talked about wage arrears. Long before this event, experts predicted that reasons for all social troubles would not be sought in the flawed "wage-making" mechanism or in the tricky management of pension funds' assets, or in the mysterious budget spending for purposes bearing little connection with social protection. No, our parliament will never live up to this mark. The most convenient "reason" is that there is not enough money. And there is not enough money because the monetary policy of stabilization is bad. This is exactly the kind of well-meaning innocence (displayed primarily by left-wing deputies) which can prove lethal.

Political Basics

First of all, let us talk about what Viktor Yushchenko told the deputies, that is, about the "Basics..." The NBU head said that the prime strategic goal of credit and monetary policy is to reduce the inflation rate to at least 2.4 percent monthly, which makes 33.8 percent annually. "Annual inflation levels exceeding 30 percent make the task of increasing living standards impossible, and they permanently provoke the state to directly meddle into the economy," Mr. Yushchenko explained, citing international (and Ukrainian) experience. He went on, warning: "We will definitely lose the fight against inflation if we go too far in directly financing the government." Jumping the gun a little bit, let us say that faced with a complicated task to finance the Cabinet of Ministers, the NBU counts on creation of a secondary market for government securities, which is why the Supreme Council needs to pass a variety of useful laws. In this case, next year one could discard the practice of directly financing the government by the NBU.

Between us boys, why should the National Bank have a headache just because the government cannot cope with the budget? "Everyone has their own fate," and ideally, all problems with budget figures should be exclusively the government's problems.

Maybe in this case, the deputies would stop asking the country's chief banker such tricky questions as "Why do you give no money for the sowing campaign?" after the Supreme Council approves the budget. Later, we will go back to lawmakers' views in greater detail. Now, however, let us concentrate on the "Basics..."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

According to estimates based on the budget figures, the amount of money in circulation will grow 40 percent by the end of this year. At the same time, the NBU noted that such a growth indicator ensures positive economic changes and should remain under the strict control of the National Bank. As for the cash — in which wages and pensions are paid, and in which enterprises, which do not like paying taxes, settle mutual accounts — the NBU will apply standard procedures here — control (or attempts of such) over the amount of cash, -measures to attract people's money into the banking system, promotion of various forms of noncash accounts (electronic, check, and so on). In addition, the NBU stated that there was practically no cases of delayed cash payments caused either by itself or by commercial banks.

As the "Basics..." is a pretty large document, let us focus on just several, the sorest, of its sections. For example, the one on cooperation of the state with commercial banks through OGVZ [domestic bonds] and other GKO [government short-term bonds]. The NBU plans to refinance commercial banks by credits on securities, offering so-called collateral credits. Although credit auctions and interventions in the foreign exchange market were named as methods used to maintain a bank's liquidity, it is obvious that the time for auctions is nearly up, while such interventions are not at all a method of refinancing. Moreover, as for the currency purchases by the National Bank, a question arises here: How long will its foreign exchange reserve be able to grow? The foreign currency reserve is a useful thing; but paradoxically, the bigger it is, the higher the chances that the national currency rate will fall. Let us go back to credits on securities, the main refinancing tool envisioned by the "Basics."

With the high risk of investment credits and investments in general, a situation typical for our present situation, banks rush to engage in operations on the state securities market, which produce pretty high yields. And here is where the first danger is hidden since the government will sooner or later have to support those yields by cutting back on other expenditures — social programs, for example. This happens because of a very simple truth: the more you borrow, the more you have to give back. The second danger is the centralized economy. If the NBU agreed to give commercial banks credits covered by all kinds of securities, not just the government's securities, this would serve the entire securities market. But since there are only the collateral credits secured by state short-term bonds, this means that the banks are forced to finance the national budget deficit by reducing the amount of money they could invest into the economy. Theoretically, they could. That is, the distribution of money supply in Ukraine continues to be the distribution [preceding word published in boldface]. This, undoubtedly, would put out of business any bank trying to operate in the market economy — without state and budget resources. That the banking sphere is nearing a critical moment is evidenced by the striking difference between the current NBU's banking rate and the price of money on the interbank market.

But I guess, dear reader, we have gone too far on this issue. The "Basics" have been presented; and, as we already said, they precisely serve their purpose, sustaining the government's policy by various implementation mechanisms. Now, let us talk a little about the political background against which the "Basics" were presented.

The Applied Economics

Our country is now living in a time of changes. And it is surely a time of personnel reshuffles. Heads of oblast administrations are changing, with changes in the Supreme Council Presidium and, perhaps, the government looming on the horizon. Legislative deputies are themselves willing to participate in the reshuffles, hoping for personal advantages, particularly so that unlike the government, they do not bear any personal responsibility for whatever is happening. Despite daily "budget-control" meetings held by the government, all attempts to ease tensions have brought no effects thus far. In this unpleasant situation one can understand the prime minister's diplomacy. His assessment of reasons that caused wage arrears contained considerably less criticism of the Finance Ministry that one would expect in a calmer political situation. Voluntarily or not, the prime minister put emphasis on the lack of money and the NBU foreign exchange reserves used for eliminating wages indebtedness. From the viewpoint of economic policies, this is a tough case, but from the perspective of practical activities — by the Finance Ministry, for example — this means the appearance of a new "supply" source. The government has used up the limit of direct credits, while foreign financing — though promised — is not there yet. Meanwhile, the Supreme Council has prepared a draft resolution deeming unsatisfactory the work of the Cabinet of Ministers to implement its 23 January 1996 decision "On Repaying the Debt of the Ukrainian 1995 National Budget and Local Budgets Stemming From Unpaid Wages, Pensions, Stipends, and Other Money Payments to the People."

This means that to save the situation, the government has to raise an additional 100-200 trillion karbovantsi [K]. And particularly at this time, the temporary legislative [finance and banking] commission, headed by Viktor Suslov, wrote in the draft resolution: "To allow the Ukrainian Cabinet of Ministers taking $200 million

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

from the state foreign currency reserves to immediately repay the debt...." The resolution added that (scare!) the NBU is obligated to "purchase the excessive supply of foreign currency on the interbank currency market for its own funds with the aims of preventing the karbovanents rate from declining below K185,000 for $1 and from losing its value against other currencies."

Let us consider the said two sections of the draft resolution some kind of a "long-term program," the extreme expression of interests pursued by a certain group. Of course, the resolution, worded that way, was rejected. But such attempts, whether or not successful, are symptomatic, as they point to a quite serious possibility of a "U-turn" — a correction beyond recognition — in the policy that the authorities have so far been supporting.

You must reckon with the force: A correction will most probably be undertaken in the form of temporary compromises or forced "the-situation-warrants" decisions. And, of course, the name of this demanding "situation" will never be mentioned. The boundaries of compromises are determined quite clearly. As is known, they include budget parameters, the government's program of actions, and the ensuing "Basics of Credit and Monetary Policy." Until now, even if with shortcomings, they have been carried out.

The Supreme Council took into consideration the "Basics" and obligated the National Bank to report — after some time — on the policy's half-year results. Let us, however, not forget that if the temporary commission's resolution had been adopted, not only would Ukraine be headed for serious reshuffles at the top of the executive branch — which does not faze most of the Ukrainian population, though — this would also throw the country back into 1993-94 with their growing prices, rampaging inflation, and eroded savings — which does faze most of the population. But this is a different history.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Belarus

Belarus: Minsk Reaffirms Nuclear Arms Withdrawal Schedule

LD0406093396 Moscow INTERFAX in English 0850 GMT 4 Jun 96

[FBIS Transcribed Text] MINSK, June 4 (Interfax-West) — Belarus has denied allegations by the Russian military that the schedule for removing nuclear arms from its soil was not observed.

In an interview with Interfax on Tuesday, Defense Minister Lt. Gen. Leanid Maltsaw described as groundless charges by Col. Gen. Viktor Yesin, chief of Russia's missile forces staff, that Belarus disrupted the schedule for removing the remaining 18 nuclear missiles from its soil.

The accusations that Belarus failed to honor its commitments are tactless, Maltsaw said.

Under the schedule endorsed by Belarus and Russia, the withdrawal of Soviet strategic nuclear missiles left in Belarus is to be concluded by December 31 this year, he pointed out.

Half a year lies ahead yet, and so a disruption of the schedule for removing nuclear arms is out of the question, Maltsaw said.

The press center of Russia's missile forces staff released an official communique on Monday asserting that the Belarusian leadership "disrupts the agreements reached and fails to ensure that the missiles will be removed at the time indicated."

Belarus: Doubts Over U.S. Company's Ability To Destroy Rocket Silos

WS0406091996 Minsk BELAPAN in English 0722 GMT 4 Jun 96

[FBIS Transcribed Text] Minsk, 2 June — According to information received, Building Trust No.4, one of the largest construction organisations in the country, will be a subcontractor for the American company Controlled Demolition Inc. (CDI) in the mechanical demolition of foundations for the stationary installations "Krona" used to carry launchers of intercontinental ballistic missiles RS-12M "Topol" (SS-25). Over its 50-year history the trust constructed 121 secondary schools, 299 preschool establishments, 24 higher educational institutions and vocational schools, 76 health centres, 44 plants and factories and 107 trade centres. 80 percent of the constructed facilities received "good" and "excellent" marks when commissioned. The mechanical demolition of the foundations will be carried out in former strategic missile bases in accordance with the Strategic Arms Reduction Treaty (START) during a period of 25 months.

The American company intend to start demolition in July this year, as soon as its equipment is delivered to Belarus. However Belarusian experts hold that the American company is not ready to start the demolition because its employees are not well informed of Belarusian laws. Moreover participants at the recent session of the Interdepartmental Coordination Committee, which monitored the implementation of Belarusian-American agreements within the framework of the Nunn-Lugar programme, decided to carry out an experimental demolition of one foundation in order to test the technology and equipment proposed by CDI. It should be noted that the CDI technology and equipment have already been tested on similar foundations in the USA, but Belarusian experts believe that the foundations for Kronas may prove to be more solid than the American ones. The test demolition will take place on the former missile base near Slutsk, Minsk region, the base where Russians have already done experimental demolition work on three Krona foundations.

Belarus: Officials Cite Progress, Problems of CFE Commitments

WS0306145896 Minsk BELAPAN in English 1407 GMT 3 Jun 96

[FBIS Transcribed Text] Minsk, 3 June — A briefing on questions concerning the implementation of international agreements on disarmament and armament control was held at the Barysaw-based 140th repair works of the Belarusian Defense Ministry within the framework Belarusian military department's permanent work with military attaches. The briefing was organised by the Belarusian National Agency on Control and Inspections (NACI). Speaking at the briefing, Colonel Anatol Aryol, NACI Acting Chief, outlined the objectives of the Agency and told about the activities of the military enterprises dealing with the dismantlement of conventional arms under the Conventional Armed Forces in Europe (CFE) Treaty, and about the problems the state and military enterprises face during the course of weaponry reduction.

Mr Aryol said that Belarus had redeemed its commitments under CFE Treaty on the number of combat tanks and aircraft, the number of which now is in line with the upper limit set for the country in the CFE Treaty. The Belarusian party has failed to meet its commitments on the reduction of armoured combat vehicles because of the difficult financial condition of the Barysaw works. The Belarusian Army is still to get rid of 100 armoured combat vehicles. Colonel Aryol assured the military attaches that this would be done in the near future. He said

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

nothing about the way these vehicles will be reduced, and it is not yet clear whether they will be dismantled or sold to any other party state of the CFE Treaty.

Speaking about the problems the state faced while reducing weaponry under the CFE Treaty, Mr Aryol said that the amount of armament the country committed to reduce was much larger than that of other states. According to him, the amount of the weaponry Belarus reduced was 2.8 times as large as that reduced by the UK, France and the USA taken together. The second problem was the lack of effective international aid, though Belarusian representatives repeatedly raised this point at various levels during almost four years.

There is one more problem concerning the negative consequences of weaponry reduction for the environment. Thus, according to Colonel Uladzimir Sakach, Chief of the Barysaw works, the works's 40-ha territory is not sufficient for the storage of scrap and the machinery officially reduced and prepared for dismantlement. Owing to this, the works has to store scrap outside its territory, paying huge fines to ecological services in the town. Mr Sakach also told about the problem of work-load which will inevitably emerge after the Barysaw works completes weaponry dismantlement under the CFE Treaty. He dwelt on the works' financial problems which were aggravated as a German company withholds payment for scrap deliveries.

Belarus: Delegation Arrives To Coordinate Belarus-Russian Reforms

WS0406085796 Minsk BELAPAN in English 0722 GMT 4 Jun 96

[FBIS Transcribed Text] Minsk, 3 June — On a commission from the Chairman of the Executive Committee of the Russian-Belarusian Community, Viktor Chernomyrdin, a group of officials at this body headed by Vladimir Pokrovskiy, the Executive Committee's Business Manager, arrived in Minsk on June 3. According to information received, the objective of the visit are negotiations at Belarusian ministries and departments for the coordination of the measures concerning the synchronisation of stages, the intensity and terms of reforms, that were outlined to take in Russia and Belarus in 1996-1997. On the morning of June 3 members of the Russian delegation visited the Ministry of Economy and met with Deputy Prime Minister Syarhey Linh. The schedule of the visit also includes visits to the Ministries of Finance, of Anti-Monopoly Policy, for State Property Control and Privatisation, the National Bank, the State Customs Committee, as well as meetings with Prime Minister Mikhail Chyhir and Chief of the Presidential Administration Mikhail Myasnikovich.

Moldova

Moldova: Magazine Comments on Sangheli's Meeting With Dniester Leader

AU0306131096 Chisinau BASAPRESS in English 2050 GMT 31 May 96

[FBIS Transcribed Text] Chisinau, 31/05/1996 (BASA-press) — "The true stake of the meeting between Moldovan Premier Andrei Sangheli and Dniester leader Igor Smirnov was to conclude a separate agreement in view of the upcoming polls in Russia on June 16," noted the weekly FLUX.

"Both Smirnov and Sangheli will be advantaged if Zyuganov wins, because they both are favorites of the Moscow orthodox rings," said FLUX, adding "in the context of these interests which coincide, the two might sign an agreement on Dniester's status which will be applicable after June 16."

According to him, "in tactical aspect, this agreement would aim to oust President Snegur, and in strategical aspect would mean recognition of Dniester, permanent Russian military presence, Moldova's political incorporation in the CIS."

Citing sources close to the Dniester leader, Vieru said "Sangheli's visit must be also examined from the perspective of the future presidential elections in Moldova."

An earlier governmental release said the Premier visited Tiraspol as part of actions geared toward the Dniester dispute settlement. The two were said to have tackled economic and financial ties between Chisinau and Tiraspol, and possibilities to restore operating capacities at power plants in Cuciurgan and Dubasari.

FLUX referred to the same sources saying "besides economic issues, Sangheli's visit aimed to probe the electoral terrain in Dniester, since Tiraspol considers Sangheli might play 'the third or even second part' in these elections."

"The Tiraspol visit might be interpreted by the presidency as an attempt at a separate understanding between Sangheli and Smirnov amid confrontations between the Premier and the President and statements by presidential advisers that there are many other foreign policies pursued in Chisinau, clearly meaning the Premier's leaning toward preferential relations with Russia," according to FLUX.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Moldova: Dniester Political Scientist Views Upcoming Elections

AU0306202796 Chisinau BASAPRESS in English 1930 GMT 1 Jun 96

[FBIS Transcribed Text] Chisinau 01/06/1996 (BASA-press) — Differences between Chisinau and Tiraspol will persist for a long time, regardless of who wins the presidential elections in Moldova, said political scientist Andrey Safonov, leader of the Movement for Development of Dniester.

In a commentary on possible developments in the light of presidential elections printed by KISHINEVSKYE NOVOSTI, Safonov said "it would be naive to think the election of any of the prospective candidates, be it Petru Lucinschi or someone else, will automatically put an end to all differences between Chisinau and Tiraspol."

Regardless of future developments, three political-ideological ideas will hold on. These are the restoration of the USSR or Moldova's eventual integration within CIS political and military organs; union with Romania (with or without Dniester); Moldova's independence as a neutral state or close to NATO.

Among prospective presidential nominees, Safonov pointed to Communist Party leader Vladimir Voronin, President Mircea Snegur, Premier Andrei Sangheli, Speaker Petru Lucinschi, Democratic Forces Party leader Valeriu Matei, Ambassador Grigore Eremei.

He thinks the Christian Democratic Popular Front (FPCD), Socialist Party and "Edinstvo" movement might put up their own candidates. But Snegur, Lucinschi and Sangheli have "the real chances."

Tiraspol has equivocal views about Snegur. On one hand, he was involved in the 1992 conflict and on the other, he was the one to sign the July 1992 peace agreement with Boris Yeltsin and is now conducting talks with Smirnov.

President Snegur will perhaps try to sign an agreement with Dniester on the eve of elections to boost his chances.

Premier Sangheli leaves the impression "of a person with constructive and realistic views, also because he was not involved in the 1992 conflict."

Lucinschi did not have any connection to the conflict either. He is "a master of compromises" and under certain circumstances "may embody the moderate left. From the standpoint of stability it is extremely important to keep, in whatever form, the Lucinschi-Sangheli tandem," said Safonov.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Kazakhstan

Kazakhstan: Nazarbayev Comments on Southeast Asia Tour

LD0306171596 Moscow INTERFAX in English 1553 GMT 3 Jun 96

[From the "Presidential Bulletin" feature]

[FBIS Transcribed Text] Almaty will seek an active cooperation with the Asian - Pacific region and take part in regional forums such as ASEAN and APEC, Asian-Pacific Economic Cooperation, President Nursultan Nazarbayev told Interfax after a tour of Singapore and Malaysia.

IF Note: Nazarbayev was on a four-day trip to Malaysia ending on May 29 followed by a day's visit to Singapore the day after.

Nazarbayev said the main political aim of his tour was to get the two countries' support for Almaty's involvement in the two regional organizations.

He spoke of having held similar talks in Thailand, Indonesia and South Korea before. Nazarbayev said that an observer status in ASEAN would be of great importance to Kazakhstan which, as an Asian state, is keen to turn to the Asian-Pacific region having high technologies and whose pace of reforms is far ahead of Europe's.

Nazarbayev says ASEAN's approval of a Eurasian railway project approved by the Bangkok forum in March gives grounds for Almaty's claim for an observer status. Part of the railway from Singapore to Europe via Malaysia and China is to pass through Kazakhstan.

He said South East Asia links the possibility of granting an observer status to Almaty with Kazakhstan's promotion of trading links with that region.

"Nothing short of a bludgeoning trade will help towards Kazakhstan's involvement in the two organizations," he said. Kazakhstan's trade with Malaysia and Singapore runs at $3.6 million and $14,131, something that "we find to be unsatisfactory," Nazarbayev said.

He believes the agreements he signed with Malaysia on economic and technological cooperation, investment protection and investment incentives and trade links will help boost up bilateral trade.

Kazakhstan and Singapore signed an deal on air links and are preparing to sign Malaysia-style agreements soon.

He announced that the leaders of Malaysia and Singapore will visit Almaty in July and later this year respectively.

Businessmen of both countries are willing to invest $2 billion into Kazakhstan's energy, gold mining, telecommunications and other sectors, Nazarbayev said.

The Kazakh leader announced plans of improving an investment climate in the country by the end of this year. The supreme economic council is instructed to review Kazakhstan's tax code, legislation on foreign investment and import tariffs to extend benefits to would be investors such as a grace period for covering the cost of expenditure and starting to derive profits.

Kazakhstan: West Wins Control of Kazakh Oil, Gold Reserves

MS0306142596 London FINANCIAL TIMES in English 3 Jun 96 p 5

[Report by Sander Theones: "West Benefits From Kazakhstan Sell-Off"]

[FBIS Transcribed Text] Almaty — Western companies have won control of some of Kazakhstan's biggest industrial companies, collectively valued at more than $1bn, after weekend sales designed to show government commitment to "open and transparent public tenders".

The purchases include the country's main oil refinery, a sizeable oil enterprise and the fourth largest undeveloped gold mine in the world.

The government of Kazakhstan decided to sell the businesses by public tender in order to restore confidence among investors, who have been shaken by a series of scandal-ridden contracts which were awarded without tender at undisclosed sums.

"It's a key event. The government is striving for open tenders to attract a wider range of foreign investors," said Mr Nurzhan Subkhanberdin, chairman of KazKommertsBank, one of a group of consultants to the oil tenders.

"In this country, there are opponents and supporters of privatisation. A successful deal will pave the way for more tenders."

A consortium of three western gold companies — Teck, First Dynasty and Bakyrchik Gold — won exclusive rights to negotiate a contract for a majority stake in the Vasilkovskoye gold ore deposit, which has proven extractable reserves of 6.5m troy ounces.

The group will pay $85m for the purchase, and has pledged $360m in investments, and undisclosed royalties, in return for an 80 per cent stake in the mine.

But Mr Curtis Coward, adviser to the government from the U.S. law firm McGuire, Woods, Battle and Boothe, said the government would try to negotiate a better offer

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

for a smaller share and reserved the right to approach the other bidders if no deal had been reached by July 1.

Vitol, the Dutch oil trader, won an open tender for purchase of the Chimkent oil refinery, Kazakhstan's largest, with a cash bid of $230m and pledges of investment.

Samson, the U.S. oil company, and Hurricane Hydrocarbons of Canada were the only bidders for Yuzhneftegaz, a Kazakh oil enterprise with proven hydrocarbon reserves of 650m barrels, but the organisers of the tender would not comment on the outcome.

In addition, Exxon and Texaco of the U.S. are considering a bid for Aktyubinskneft, an oil production association with reserves of 1.4bn barrels. The bid deadline has been extended to August 1 to allow for "due diligence" investigations.

The Vasilkovskoye mine is the world's fourth largest undeveloped mine but many big foreign gold companies lost faith in Kazakhstan when the government cancelled an auction for the mine last year and handed it directly to Placer Dome of Canada.

In the event, Placer Dome never signed the contract. The cancellation also ruined relations with the European Bank for Reconstruction and Development, the main financier for investment projects in the region.

Gold analysts had long since predicted a victory for Bakyrchik, led by Mr Robert Friedland, a Canadian businessman who bailed out Bakyrchik earlier this year with funds from Malaysian and Indonesian investors. His group had tried to buy Vasilkovskoye outright but won the tender after joining forces with two other bidders, Teck and First Dynasty.

"We had two objectives," said Mr Coward. "One was to attract a respectable mining company. The second was to ensure that we re-established good relations with the European Bank for Reconstruction and Development and the mining sector. We feel we accomplished both objectives [in the bidding for the gold mine]."

There was only one bid for the refinery after Munayinvest, a small Kazakh investment company, teamed up with Vitol and submitted a joint bid. After government officials objected that the lack of counter bids would render the tender vulnerable to criticism, Munayinvest submitted a separate bid, $75m below Vitol's. "It was only a one-horse race anyway," a source close to the bidders said.

Major oil companies, including Canadian Occidental and Chevron, dropped out of the tender for Yuzhneftegaz,- too.

Mr Sarybay Kalmurzayev, chairman of the State Property Committee, said the oil production association had limited appeal because its oil was not suitable for export; oil executives said they had too little information and were worried about the solidity of the company's licence to the Kumkol oilfield.

"My aim was to ensure transparency, to have a normal tender take place," Mr Kalmurzayev said. "The most important thing is not that we had two or three bids, but that the tender took place at all."

Kazakhstan: Nazarbayev Urges Parliament To Reconsider Pensions Bill

LD0406091796 Almaty Kazakh Television First Program Network in Russian 1400 GMT 3 Jun 96

[FBIS Translated Excerpt] The first day of the head of state's working week was a full one. Kazakhstani President Nursultan Nazarbayev received a delegation of financiers from Japan today before his departure for Akmola. On the subject of the differences that have arisen between the government and parliament, he voiced his point of view in an interview to the Khabar television news agency.

[Begin recording] [passage omitted: correspondent recalls rejection of pension bill by lower house of parliament]

[Nazarbayev] The state policy and my policy is to improve pension provision for our citizens from year to year. Once the economy started to improve we immediately turned to the pension fund to render assistance. At my order, 4.5 billion tenge has just been allocated to pay off all pension arrears. All pensioners will receive their pensions in full this summer, the whole debt will be repaid to them 100 percent, and they will receive their pensions on time each month. In the same way, a subsidy has been given to clear all wage arrears in the budget-funded sector.

In the entire world that operates under market conditions, and especially those countries that are pursuing such reforms, there is pension legislation that does not include various privileges, supplements, and so on. They have a common pension provision that is common and identical for all. There are various categories of people to whom we give pension privileges: This applies to all participants in the Great Patriotic War [1941-1945] and to other categories of citizens. So, we need to conduct a pension reform.

If the law proposed by the government is adopted — and this law is based on the government's three-year program, which has been approved, as everybody knows — the conditions of today's pensioners will improve. We cannot, honestly speaking, with our poverty, retire

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

people or provide pensions at the age of 40. For example, pensions can be provided at the age of 38 for some people — those who were born in Semipalatinsk region [east Kazakhstan, the area of a former Soviet nuclear test site] and the Aral Sea zone — there are many such people. Who then would be working in this state? I have just visited Singapore and Malaysia. They have one pensioner per four working people. We have one pensioner for fewer than two people. Soon we will be a state of pensioners, a country of pensioners. Everybody will be receiving pensions, and there will be no-one to work and earn pensions for them. We will thus blow up the state of Kazakhstan and its statehood. In future, each citizen's pension will be his own business — he himself will have to take care of it. As for those who are working for the state, civil servants who receive their salary from the state budget, this will be the state's concern, and it does not apply to today's pensioners, who are receiving pensions today. Their conditions will improve. This year, at my instruction, pensions will increase by 50 percent. I hope that we will also increase pensions next year.

As the government is planning now to raise the question of confidence in it along with this law, I must announce with full responsibility that on this march, while the government program is being implemented, I cannot retire the government. This government must finish its work and its program. Therefore, parliament must think hard about this, and parliament must accept responsibility, on behalf of the people who elected them, for the well-being of those people.

In this regard, I would like to think that our parliament must return to this issue once more and consider it. As the government has categorically told me that it will be raising this question, the question of confidence in it, because this is not an idle matter, but a question of the reforms — whether we will advance the reforms or not — and I do not know what the results of the vote will be, according to the Constitution I will have to take a decision, and of course I would not like to dissolve this government or to retire it, and I would not like to dissolve parliament either. [sentence as heard] [end recording]

Kazakhstan: Article Views Formation of State Identity

LD0306135896 Almaty KARAVAN-BLITS in Russian 30 May 96 p 2

["Authors of Dissertations, At the Ready!"—KARAVAN-BLITS headline]

[FBIS Translated Text] The official press published "The concept of forming the state identity of Kazakhstan" yesterday [29 May].

As early as three months ago, on 29 February, the chairman of a parliament committee, Zhabaykhan Abdildin [philosopher, member of President Nazarbayev's People's Unity Party], made a report on the draft document at a meeting at the residence of the president, in which the academic community and the head of state took part.

What actually is state identity? Philosophy defines identity as the correspondence of an object to its notion; in social terms, it is the desirable state of statehood.

Simply speaking, the concept explains precisely what sort of state Kazakhstan intends to become, and primarily states that we already have all the required attributes of statehood.

First, we have an integral territory. Kazakhstan has no territorial claims on any of its neighbors, and, in turn, nor will it accept any such claims from anyone.

Second, there are all the attributes: citizenship, a national currency and financial and credit system, a state system, legislation, and armed and interior forces, as well as a flag, coat of arms, and anthem.

Kazakhstan, the concept says, is a national state because it is the ethnic center of the Kazakhs, who enjoy no other statehood elsewhere in the world, unlike the peoples who have moved here. However, although it is a national state, it now represents the interests of the entire population.

Given that a mono-ethnic people has lived here since earliest times, Kazakhstan is a unitary country, and neither the establishment of national autonomous formations nor the introduction of two state languages can be accepted.

The presidential form of government is introduced out of the need for strong authority during the transitional period and for consolidation of the multi-ethnic society as well as of all the forms of authority.

In addition, Kazakhstan is a democratic, civil (no classes: as Zh. Abdildin said, "neither [Russian] aristocracy nor Cossacks, neither tore [Kazakh aristocrat] nor kozha [master]"), social (it will not let the poor perish), and secular (the church is separated not only from state and school, but also from political activity).

If the bible of each state is its constitution, then the present concept can be considered to be an interpretation of the Constitution. Moreover, at that time three months ago, many of those who spoke [at the meeting with the president] said the document was overdue. In their view, it was needed in the first years of Kazakhstan's independence. Since then, we have already adopted our second constitution.

Nevertheless, since the newspapers have published it, it should do some practical good, no doubt about it. Actually, there is some obvious benefit.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Here is a little quotation from the last chapter: "The priority areas should be scholarly research aimed at creating a scholarly scientific foundation for building a democratic and law-based state".

What ho! The philosophers, theorists, and apostles of the extinct science of Marxism-Leninism have roused themselves and livened up. Each square centimeter of the concept deserves a monograph, each paragraph is grounds for a thesis for a doctoral or, at least, a candidate's degree.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Georgia

Georgia: Shevardnadze Interviewed on Relations With France

LD0306174996 Tbilisi BGI in Russian 1305 GMT 3 Jun 96

[FBIS Translated Text] After his meeting with a French parliamentary delegation, Georgian President Eduard Shevardnadze answered questions put by TF-1 [Paris TF-1 Television] correspondents and BGI correspondent Irakli Gogoladze.

[Correspondent] "What part does France play in Georgia's life today?"

[Shevardnadze] "France is doing a lot for Georgia to strengthen its independence and to develop its democracy. I expect even more in the future. The ground has been prepared for France to step up cooperation with the Caucasus which is becoming a region linking Europe and Asia."

[Correspondent] "What are the prospects for French business in Georgia?"

[Shevardnadze] "I have had quite a few meetings with French businessmen. Today, there exist favorable conditions in the Caucasus and in Georgia in particular. Foreign investors are interested in state guarantees and I believe that the world famous insurance company Copaz will play its part in this respect. The shaping of the appropriate agreements between France and Georgia will open the way to French investors to invest in the Caucasus. You are well aware of the prospects for Caspian oil and what is means for Europe."

[Correspondent] "Will France have its share in the oil pipeline?"

[Shevardnadze] "This will depend on the investments by French business circles. Transporting a large amount of oil will soon be on the agenda and it cannot be ruled out that Georgia will again be chosen as a transit country."

[Correspondent] "Whom do you view as Georgia's major partner?"

[Shevardnadze] "Potentially, Russia. This has been the case historically, at all times. Though, actually, Turkey is leading today, followed by Germany and then Russia. However, this does not mean that the situation will remain unchanged. After both the conflict in Abkhazia and the Chechen issue have been settled, traffic will resume and previous economic ties will be restored. It cannot be ruled out that our Western partners will also step up their activities and Russia will have to make great efforts to retain its position."

[Correspondent] "Whose assistance do you rely on in settling the Abkhaz conflict — Russia, European Union, or the United Nations?"

[Shevardnadze] "All these forces together. Indeed, Russia has to take up the main burden. Meanwhile, the UN structures are working very seriously. France has initiated the creation of the group of countries friendly to Georgia. Some CIS countries have also stepped up their activities considerably. Thus, common efforts will lead us to the settlement of the conflict."

[Correspondent] "Is the Russian army necessary for this?"

[Shevardnadze] "Yes. But its functions must be changed. Given the current mandate, Russian peacekeeping forces are not able to guarantee the secure return of refugees to Abkhazia. That is why the introduction of changes into the mandate is on the agenda. Otherwise, there is no sense in the presence of peacekeepers in Abkhazia."

[Correspondent] "What are you expecting from the Russian presidential election and do you think the communists coming to power may mean the end of the CIS?"

[Shevardnadze] "I believe that Russian citizens will have sufficient wisdom and responsibility for their country, Europe and the whole world to make the right choice. If communists come to power, this will mean a disaster not only for Russia. And it will also be the beginning of the collapse of the CIS."

[BGI correspondent] "During your meeting with the French delegation, you said that if Georgia's economic problems were not resolved in the near future, democracy would be jeopardized. Can we speak of a danger like this today?"

[Shevardnadze] "A danger like this seems real. If we fail to resolve the most acute social problems and surmount the menace of famine, frustration will, naturally, follow and with the population's low morale, major difficulties will emerge in politics. If the path we are proceeding along does not yield significant results, social problems will become unavoidable."

[Correspondent] "Are there forces which could take advantage of the situation? Can you name them?"

[Shevardnadze] "Yes. First and foremost, these are all sorts of radical forces. First of all, we have to be concerned about the communists taking revenge; although, no communist movement has a significant foothold in Georgia. However, there are other radicals as well. These are nationalists and chauvinists. They

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

will play on the people's sentiments and will attempt to destabilize the situation."

[Correspondent] "During your meeting with the members of the French Senate you said that unless integration with Europe is achieved, integration processes within the CIS will move in the wrong direction. What did you mean?"

[Shevardnadze] "I meant our desire to integrate with Europe, with the European economy on the whole. I presume that all the CIS countries are interested in cooperation like this. Including Russia. Integration with Europe is in the interest of all the countries of the CIS. And this is the main point."

Georgia: Abkhaz Government Supports Parliament Decree on Conflict

AU0306160596 Tbilisi SAKHALKHO GAZETI in Georgian 23 May 96 p 3

["Decree of the Abkhazian Autonomous Republic Supreme Council of 8 May 1996 on the Georgian Parliament Decree of 17 April 1996 on Measures To Settle the Abkhazian Conflict and the Tasks of State, Economic, and Private Structures and Public Organizations of the Autonomous Republic Proceeding from It"]

[FBIS Translated Text] The Abkhazian Autonomous Republic Supreme Council points out that the Georgian Parliament Decree of 17 April 1996 "On Measures To Settle the Abkhazian Conflict" is a most important political and legal document in which, for the first time, an analysis and assessment have been made of the tragedy that has unfolded in Abkhazia and detailed objective conclusions have been drawn.

In the reports and other documents presented during the process of discussion of the question and in the Georgian president's policy speech and speeches delivered by deputies, an expose and assessment were given of the treacherous actions planned a long time before and carried out in the last few years by Abkhazian separatists and external and internal forces supporting them against Georgian statehood and the Georgian people and other peoples living in Abkhazia — the crimes committed against humanity, facts of infringement upon the lives of thousands and health of tens of thousands of citizens, the trampling under foot of the principles governing the protection of universally recognized human rights, and the ethnic cleansing and genocide of Georgians.

The appropriate measures for settling the conflict, achieving mutual understanding and cooperation, and establishing peace and stability are outlined in the parliamentary decree. Parliament gave serious attention to questions regarding the work of the structures of legislative, executive, and judicial power of the Abkhazian Autonomous Republic located in Tbilisi, viewed them as the sole legitimate authorities in Abkhazia, requested that their status be clearly determined and enlarged, and, in accordance with existing conditions, outlined ways of increasing their role in the discussion and regulation of the sociopolitical and socioeconomic problems of those who have been persecuted and become refugees and the entire population of Abkhazia.

All this requires an improvement in the work of the standing commissions of the Abkhazian Autonomous Republic Supreme Council, deputies, and all governmental, economic, and private structures, public organizations, and political parties, overcoming and condemning the resistance that exists in a section of the population and directing all their potential and efforts toward the restoration of Georgian jurisdiction and constitutional order in Abkhazia, the unconditional and safe return of forcibly displaced persons and refugees, and the creation and firm establishment of appropriate conditions to enable people to live and work.

It is significant that the Abkhazian Autonomous Republic Supreme Council and Council of Ministers, representatives of public organizations of displaced persons and refugees, and our compatriots from Moscow, St. Petersburg, and Sochi took an active part in the preparation of the parliamentary documents and their discussion at the sessions.

Proceeding from the aforementioned and in order to ensure active participation in implementing the Georgian Parliament decree of 17 April 1996, the Abkhazian Autonomous Republic Supreme Council decrees:

1. To approve the Georgian Parliament Decree of 17 April 1996 "On Measures To Settle the Abkhazian Conflict" and adopt it for implementation by all state, governmental, economic, and private structures and departments and public organizations.

2. In order to ensure the implementation of the Georgian Parliament decree of 17 April 1996 on a settlement of the Abkhazian conflict, to view it expedient that the Abkhazian Autonomous Republic Supreme Council adopts a work plan for implementing organizational and political, legal, socioeconomic, and information and ideological measures.

To approve the draft work plan that has been presented (attached), taking into account the comments and proposals expressed.

3. To entrust the chairmen of the Abkhazian Autonomous Republic standing commissions and the head

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

of the apparatus, along with state, governmental, economic, and private structures and organizations of the Abkhazian Autonomous Republic, to take all possible steps to implement the measures outlined in the work plan.

4. To recommend to the Abkhazian Autonomous Republic standing commissions, the Council of Ministers, town mayors and rayon administrative board chairmen, ministries, departments, economic and private structures, and public organizations that they direct all their work toward implementing the Georgian Parliament Decree of 17 April 1996 "On Measures To Settle the Abkhazian Conflict" and actively cooperate in this matter with the central structures and organizations of executive and judicial power of the Georgian Parliament and the regional and local bodies of power.

5. In connection with the elaboration and adoption of a new all-embracing decree by the Georgian government in accordance with the Georgian Parliament decree of 17 April 1996, to prepare and hand over to the Georgian State Chancellery proposals on the progress of the implementation of the edicts and decrees previously adopted by the Georgian head of state and the Cabinet of Ministers on the Abkhazian conflict and the sociopolitical and socioeconomic problems of forcibly displaced persons and refugees and questions concerning their unconditional and safe return to their native homes so that the existing shortcomings in this matter are taken into account and the corresponding effective measures are implemented.

6. To request that Messrs. Guram Gogiashvili and Apolon Silagadze, editors-in-chief of SAKARTVELOS RESPUBLIKA and SVOBODNAYA GRUZIYA respectively, publish a weekly supplement called "Abkhazia" so that more extensive coverage is given to the measures outlined by the Georgian president and Parliament to settle the conflict in Abkhazia and the problems of forcibly displaced persons and refugees and the entire population of Abkhazia and their sociopolitical life and the entire Georgian population and the international public are better informed about these issues.

7. In order to control the implementation of the corresponding decrees of the Georgian Parliament and the Abkhazian Autonomous Republic Supreme Council, to view it expedient:

a) To create a Supreme Council commission; approve the composition of the commission (list attached);

b) To report regularly on questions regarding the progress of and control over the implementation [of the decrees] to the leadership of the Abkhazian Autonomous Republic and to discuss them at meetings of the presidiums of the Supreme Council and Council of Ministers and at other organized mass gatherings.

8. The decrees adopted at the session of the Abkhazian Autonomous Republic Supreme Council of 8 May 1996, together with their appendices, are to be sent to the Georgian president and Parliament and the state minister of Georgia.

9. This decree is to be published in the press, broadcast on radio and television, and published in the anthology devoted to discussion of the Abkhazian question in the Georgian Parliament and the Abkhazian Autonomous Republic Supreme Council.

[Signed] T. Nadareishvili, chairman of the Abkhazian Autonomous Republic Supreme Council.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Estonia

Estonia: Sweden Interested in Estonia's EU, WTO Accession

*WS0406101496 Tallinn BNS in English
1852 GMT 3 Jun 96*

[FBIS Transcribed Text] Tallinn, Jun 3, BNS — Sweden's Foreign Trade Minister Bjorn von Sydow said at talks in Tallinn that his country remains to be interested in Estonia's early membership of the EU and wishes to contribute to achieving this goal.

Von Sydow, on a two-day visit to Tallinn, met with Foreign Ministry Vice Chancellor Priit Kolbre, the head of the ministry's foreign economic policy department Alar Streimann and the head of the government's bureau for European Integration Riivo Sinijarv Monday morning, a foreign ministry spokesperson said.

Von Sydow said Sweden very much liked to see Estonia become a member of the EU soon and that the EU should hold talks simultaneously with all nations that have signed an association agreement with the union. Both parties at the meeting stated that the process was nevertheless moving on slowly and that Estonia's membership talks with the EU were still in the provisional stages.

Sweden also offers its help and mediation in Estonia's accession to the World Trade Organization (WTO), von Sydow was quoted by the spokesperson as saying.

The Swedish foreign trade minister wanted to know in more detail about the recently-concluded Baltic treaty on free trade in farm products.

Also discussed during the meeting at the Estonian Foreign Ministry were issues related to Russia.

Estonia: Swedish Trade Minister Notes Favorable Business Climate

*WS0406101396 Tallinn BNS in English
1852 GMT 3 Jun 96*

[FBIS Transcribed Text] Tallinn, Jun 3, BNS — Sweden's Foreign Trade Minister Bjorn von Sydow, speaking at the opening of a subsidiary of the Ericsson electronics company in Estonia, said the direct investment by the leading Swedish company testified to Estonia's stability and reliability.

Von Sydow said Estonia's liberal economic policy, success in economic reform, a stable currency and balance of payments made the business climate favorable for investment.

More than 500 Swedish businesses have already made investments in Estonia and many more are to follow, the minister said. He said investments into high-tech production will accelerate the development in other sectors too.

Speaking about Ericsson, he said the investment by the leading Swedish maker of telecommunication equipment encouraged other potential investors to follow suit.

A representation of Ericsson started work in Estonia in 1993. The new subsidiary, formally opened Monday, was launched in February this year and now employs 40 people.

Ericsson reported sales in Estonia last year at more than 100 million kroons and expects the figure to rise to 200 million this year.

Estonia: Foreign Minister Departs for NATO Meeting in Berlin

*WS0406101296 Tallinn BNS in English
1949 GMT 3 Jun 96*

[FBIS Transcribed Text] Tallinn, June 3, BNS — Estonian Foreign Minister Siim Kallas Monday left for Berlin to attend a meeting of the North Atlantic Cooperation Council (NACC) uniting NATO member states and associated members.

After the NACC session on Tuesday U.S. Secretary of State Warren Christopher will meet with foreign ministers of Central and East Euroepan countries and the Baltic states, a Foreign Ministry press spokesman told BNS.

The issues on the agenda of NACC countries' foreign ministers meeting include ways of intensifying cooperation and the NATO PfP program.

Kallas is accompanied on his visit by foreign ministry second secretary, Sander Soone.

From Berlin Kallas will proceed to the founding congress of the Liberal International to take place in Noorwijk, the Netherlands, on June 5-8. The Liberal International is expected to give the Estonian Reform Party full members status and the Coalition Party the status of observer.

Kallas is likely to be elected deputy chairman of the Liberal International. The foreign minister is expected to return to Estonia on Saturday.

Estonia: Meri Regrets Disclosure of Confidential Letter to Clinton

*WS0406100996 Tallinn BNS in English
1755 GMT 3 Jun 96*

[FBIS Transcribed Text] Vilnius, June 3, BNS — Estonia's President Lennart Meri has expressed his regrets over "the misunderstanding" when the contents of a joint

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

confidential letter of the Baltic states' presidents to their American counterpart, Bill Clinton, was revealed to the press.

Vilnius is satisfied with Estonia's explanation and hopes that similar "technical mistakes will not repeat themselves in Tallinn," the Lithuanian President's Office told BNS.

Meri sent a letter of apologies to his Lithuanian counterpart Algirdas Brazauskas on the weekend. He stressed, among other things, that the integration of the Baltic states into European structures is a long and difficult process, which calls for joint action by the Baltic states.

Meri made a telephone call to Brazauskas regarding the same incident during the weekend also.

The Lithuanian President's Office expressed great surprize and concern Friday after the Estonian President's Press Office made public the contents of the letter by Algirdas Brazauskas, Guntis Ulmanis and Lennart Meri to Bill Clinton. The three heads of state head agreed to keep the letter confidential after signing it in Vilnius last week.

In their letter, the Baltic presidents expressed a hope that their countries would soon be able to join NATO and other Western security, economic and political structures. The letter will be passed on to Clinton by Lithuanian Foreign Minister Povilas Gylys, who is going to Berlin Monday to meet the U.S. Secretary of States Warren Christopher.

Estonia: Official Concerned by Increase of Russian Arms Near Border

LD0306150696 Tallinn Radio Tallinn Network in Estonian 1300 GMT 3 Jun 96

[FBIS Translated Text] According to Sven Jurgenson, director-general of the political department at the Ministry of Foreign Affairs, the planned changes to the Convention on Armed Forces in Europe [CFE] Treaty will harm Estonian security interests. Jurgenson noted that under the agreement reached by Russia and the United States on Saturday the ceiling on weapon deployment in Pskov region [adjoining Estonia] will no longer be valid. For example, instead of the present 180 armored carriers Russia will be allowed to keep 600 in Pskov region, despite the fact that the representatives of the U.S. Department of State previously assured Estonia that the ceiling on armored carriers in Pskov region will not exceed 380.

During the talks held in Vienna Russia requested an increase in the maximum armaments stipulated by the 1990 CFE Treaty on its Western border and the Caucasus area. Moscow gave its reasons as losing allies in Eastern Europe and the country having lost territory after the CFE Treaty was concluded.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication produced by the Foreign Broadcast Information Service (FBIS). Its contents in no way represent the policies, views, or attitudes of the U.S. Government.

FBIS collects, translates, disseminates, and analyzes foreign open-source information on behalf of the U.S. Government. Its publications may contain copyrighted material. ***Copying and dissemination is prohibited without permission of the copyright owners.***

— Bracketed indicators before the first sentence of each item describe the way in which the material was processed by FBIS.

— Headlines and all bracketed explanatory notes are supplied by FBIS.

— Personal and place names are rendered in accordance with the decisions of the U.S. Board on Geographic Names as adapted by FBIS. Unverified names in radio and television material appear in parentheses and are spelled phonetically; words and phrases in parentheses preceded by a question mark are unclear in the original and deduced from context.

SUBSCRIPTION INFORMATION

U.S. Government Customers

For a list of FBIS products, to subscribe to an FBIS publication, or to indicate a change of address contact:

FBIS
P.O. Box 2604
Washington, DC 20013-2604
Telephone: (202) 338-6735
FAX: (703) 733-6042

Non-Government Customers

Subscriptions are available from the National Technical Information Service:

NTIS
5285 Port Royal Road
Springfield, VA 22161
Telephone: (703) 487-4630
FAX: (703) 321-8547

New subscribers should expect a 30-day delay in receipt of the first issue.